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# SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Rodney Fong, Commissioner
Michael Hardeman, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

## AGENDA
## TUESDAY, JANUARY 15 , 2008
## 2:00 P.M. EXECUTIVE SESSION
## 3:15 P.M. OPEN SESSION
## PORT COMMISSION HEARING ROOM, SECOND FLOOR
## FERRY BUILDING, SAN FRANCISCO, CA 94111

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.*

1. **CALL TO ORDER / ROLL CALL**

2. **ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

3. **APPROVAL OF MINUTES** - December 11, 2007

4. **PUBLIC COMMENT ON EXECUTIVE SESSION**

5. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

         a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.
         Number of potential cases: 1 As Defendant

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Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property.

For Discussion and Action: Approval of an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County for a period not exceeding 90 days.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of California, State Lands Commission, et al.(San Francisco Superior Court, Case No. CGC07-460994)

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

## 6. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## 7. EXECUTIVE

A. Election of Port Commission Officers

B. Executive Director's Report

- Grand Opening of the Rincon Park Restaurants – January 27, 2008
- Fifth Annual Fisherman's Wharf Crab Festival Celebration Dinner – February 7, 2008 at 6 p.m. at Fog Harbor Fish House at Pier 39
- Mayor's Fiscal Advisory Committee's Public Managerial Award Ceremony – February 25, 2008 at 5:30 p.m. at the City Hall Rotunda
- Pier 33 Roof Project Completion
- Seawall Lot 337 RFP Advisory Panel

C. Informational presentation on the As-Needed Professional Service Contracts - Fiscal Year 2007/08; 2nd Quarter Report for the Period October 1, 2007 through December 31, 2007.

**8. CONSENT**

A. Request approval of Lease No. L-14487 for 745 square feet of office space, 386 square feet of mezzanine storage space, and 36 square feet of office storage space with United Video, Inc. at the Agriculture Building, 101 The Embarcadero, Suites 119, 120, 121, 122 and 116 A, and the Mezzanine. (Resolution No. 08-05)

B. Request authorization to apply for, accept and expend $3,660,000 in Proposition 1B Grant Funds from the California Office of Homeland Security for security improvements at the Port of San Francisco. (Resolution 08-06)

**9. MARITIME**

A. Informational presentation regarding proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78.

B. Informational presentation regarding proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250.

**10. ENGINEERING**

A. Quarterly Project Update for the Illinois Street Intermodal Bridge Project.

B. Request authorization to execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction to increase the contract amount by an additional $583,450 and extend

the Contract substantial completion date by an additional 10 days. (Resolution No. 08-01)

## 11. PLANNING & DEVELOPMENT

A. Informational presentation regarding the replacement of a plaque honoring the American Merchant Marines, to be located on the east apron of Pier 45, located at Taylor Street and the Embarcadero Roadway.

B. Request approval to Execute Seventh Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project Extending the Term and Amending the Benchmarks (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets). (Resolution No. 08-02)

C. Request approval to increase budget by $300,000 and expand the scope of contract with Economic Planning Systems to support the Pier 70 Master Planning Process. (Resolution No. 08-03)

D. Request approval of placement and location of pedestal newsracks with advertising on Port property consistent with the Port's and Department of Public Works' Newsrack Agreement with Clear Channel Outdoor, Inc. (Resolution No. 08-04)

## 12. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Request authorization to advertise for design and engineering consulting services for the Brannan Street Wharf public open space, to be located adjacent to the Embarcadero between Piers 30-32 and 38 (February 12, 2008)
  - Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2008-09 (February 12, 2008)
  - Informational Presentation on the Port's Capital Budget for Fiscal Year 2008-09 (February 12, 2008)
  - Informational Presentation on Policy for Use of Annual Port Reserve Funds (February 12, 2008)
  - Informational Presentation on The Exploratorium Project at Piers 15/17 on The Embarcadero at Green Street (February 12, 2008)
  - Informational Presentation on development opportunities for Seawall Lot 351 (February 12, 2008)
  - Request approval to allow J.C. Decaux North America to relocate a public service kiosk from the south side of Jefferson Street between Leavenworth and Hyde Streets to the north side of Jefferson Street, approximately 40-feet east of Leavenworth Street (February 12, 2008)
  - Request authorization to issue Request for Proposals for a Concrete Batching Operation at Pier 94 (February 12, 2008)

- Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78 (February 12, 2008)
- Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250 (February 12, 2008)
- Request authorization to award Rock Crushing Contract (February 12, 2008)
- Request approval of contract modification to the Pier 52/54 Boat Launch Project Contract No. 2713 with Dutra Construction Co., Inc. to extend the final completion date to April 30, 2008 (February 12, 2008)
- Request authorization to Advertise for Competitive Bids for the Pier 9 Apron Repair Project (February 12, 2008)
- Informational presentation on the status of Contract No. 2712, Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction (February 12, 2008)
- Informational presentation regarding Seawall Lot 337 development concept proposal (February 26, 2008)
- Informational presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Year 2008-09 (February 26, 2008)
- Request approval of the Port's Annual Operating Budget for Fiscal Year 2008-09 (February 26, 2008)
- Request approval of the Port's Capital Budget for Fiscal Year 2008-09 (February 26, 2008)
- Request approval of Policy for Use of Annual Port Reserve Funds (February 26, 2008)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (Date to be determined)
- Request approval of an Amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)

- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval to accept and expend the 2007 Port Security Grant for security upgrades at the Port of San Francisco (Date to be determined)
- Request approval to award the contract for Portwide Utility Mapping Services (Date to be determined)
- Request authorization to readvertise for the Demolition and Disposal of Port's Drydock No. 1 (Date to be determined)
- Request approval of Tri-Party Agreement with Port, The Exploratorium and Baydelta Maritime for lease of space at Pier 17 (Date to be determined)

**13. PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

**14. COMMUNICATIONS**

Communications to the Port Commission from December 8, 2007 to January 10, 2008:

- From George Lu, regarding support of 8 Washington Project and Parking Garage
- From Jack Bair, San Francisco Giants, regarding Seawall Lot 337 Transportation and Parking Analysis
- From Tom Radulovich, Livable City, and Andy Thornley, San Francisco Bicycle Coalition, regarding Development at 8 Washington Street
- From Silas Carleton, Ferry Building Wine Merchant, regarding 8 Washington Street
- From Chris Meany, Wilson Meany Sullivan, regarding 8 Washington Street
- From Denis Bartels, Exploratorium Executive Director, regarding The Exploratorium being named one of America's 12 best non-profits in the recently released book *Forces for Good: The Six Practices of High Impact Nonprofits.*
- From Port staff, regarding Ratings Action by Fitch and Standard and Poor's on the Port's Revenue Bonds
- From Neighborhood Parks Council, copy of the Neighborhood Parks Council #43 Winter 2007 Newsletter
- From Bill Ward, President & Don Watson, Secretary-Treasurer of the Copra Crane Labor Landmark Association, regarding the Copra Crane

**15. ADJOURNMENT**

**JANUARY/FEBRUARY 2008**

**CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC**

| Date | Time | Group | Location |
|---|---|---|---|
| January 15 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session – Special Meeting | @ Ferry Building |
| January 29 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session – Special Meeting | @ Ferry Building |
| February 12 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| February 26 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel (CTAP) generally meets the second Thursday of the month. Contact John Doll at 274-0639 or john.doll@sfport.com

The Cruise Terminal Environmental Advisory Committee (CTEAC) generally meets quarterly. Date and time to be determined. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

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## ACCESSIBLE MEETING INFORMATION

**Ferry Building:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

**Pier 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

**NOTICES**

**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

# MEMORANDUM

January 11, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** As-Needed Professional Service Contracts – Fiscal Year 2007/08;
2nd Quarter Report for the Period October 1, 2007 through December 31, 2007

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

## BACKGROUND

The purpose of this report is to comply with "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective April 2005, a $200,000 limit was imposed via City ordinance for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)

In addition, this report outlines the Port and Human Rights Commission (HRC) efforts to ensure contract compliance with the City's Disadvantaged Business Enterprise (DBE); hereinafter referred to as Local Business Enterprise (LBE) programs as currently implemented. These contracts include: Architectural and Engineering Services; Environmental Services and Construction Management Support Services. This report also includes as-needed contracting activity for non-construction-related as-needed professional service contracts issued for the Planning & Development Division entitled: "Real Estate Economics and Related Services." The total not-to-exceed dollar value of all twelve as-needed contracts is $8,650,000.

Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports:

**This Print Covers Calendar Item No. 7C**

- Contracting activity for the current reporting period
- Anticipated contracting activity for the upcoming quarter
- Estimated staffing numbers and projects related to the as-needed contract services.

New Additions to this Report

The 1st Quarterly Report for FY 07/08 on As-Needed Professional Service contracts was presented under Executive staff reports at the October 23, 2007 Port Commission meeting. At that time, staff was requested to expand this report to include all other Port contracting activity. As such, this report is expanded to include the following contracts in addition to the as-needed contracts:

1. *Professional Service Contracts* procured through a *formal* contracting process
   -contracts valued greater than $29,000
2. *Professional Service Contracts* procured through an *informal* contracting process
   - contracts valued at less than $29,000
3. *Construction Service Contracts*
   -public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City
4. *Information Technology Contracts*
   - acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts
5. *General Services Contracts*
   - an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services

During the October 23, 2007 presentation on the 1st Quarterly report for FY 07/08, the Port Commission encouraged training for Port staff and consultants on the Port's contracting requirements, along with procurement best practices. Port staff also committed to evaluating projects more closely in the future to increase opportunities and access to participation for LBE firms.

In addition to expanding the scope of the contracting activities reporting to the Port Commission, it is noted that San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE).

This report includes information concerning each of these new report items.

## DISCUSSION

### PART I. As-Needed Professional Services Contracting Activity

This as-needed contracting activity report covers the 2nd Quarter (October 1, 2007 through December 31, 2007) period for Fiscal Year 2007/08. No as-needed construction-related professional service contract service order exceeded the $200,000 Administrative Code limit for a public works project during this quarter. The cumulative dollars issued in Contract Service Orders thus far out of the not-to-exceed dollar amount of $8,650,000 equals $2,765,192. A cumulative total of $467,546 or 16.91% has been awarded as LBE subcontracts. The LBE subcontracting goal is 20% for all of the Port's as-needed contracts. Although the Port's LBE subcontracting goal has not been reached yet, this quarter represents an improvement of over the previous quarter's Fiscal Year (FY) cumulative combined percentage of 16.66% and amount of $402,777.

The San Francisco Human Rights Commission has determined that the Port has made a good faith effort to utilize listed LBE firms in its Contract Service Orders for Construction-related as-needed professional services. CSO dollars awarded this quarter total $347,244. Of that amount $64,769 or 18.65% was awarded to LBE firms as subcontracts. The summary and detailed achievements (dollars and percentages) for each of the twelve as-needed consultant contracts are detailed in Exhibit 1 to this report.

| **FY 2007/08 - 2nd Quarter LBE As-Needed Contract Service Order Participation** (Exhibit 1) | | | |
|---|---|---|---|
| | | | |
| **Construction-related Professional Services** | | | |
| Previous Year (FY 06/07 2nd Quarter) | Previous Quarter | Current Quarter | FY Cumulative |
| 16.82% | 17.19% | 18.65% | 17.47% |
| | | | |
| **Non-Construction-related Professional Services** (Real Estate Economics and Related Consulting Services) | | | |
| Previous Year (FY 06/07 2nd Quarter) | Previous Quarter | Current Quarter | FY Cumulative |
| n/a | 33.95% | No activity | 14.76% |
| | | | |
| **Combined As-Needed Contract Professional Services** | | | |
| Previous Year (FY 06/07 2nd Quarter) | Previous Quarter | Current Quarter | FY Cumulative |
| 16.82% | 25.13% | 18.65% | 16.91% |
| | | | |

**Anticipated As-Needed Contracting Activity For The Upcoming Quarter**
(January 1, 2008 –March 31, 2008)

**Real Estate and Related Consulting Services**

| Description of Work | Estimated Dollar Amount | Project |
|---|---|---|
| Economic/development feasibility analysis of the Agriculture Building, the Ferry Building Parking Structure, and related Design Plans for nearby open space areas. | $100,000 | Ferry Building Area Planning |
| Expanded Scope of Services | 300,000 | Pier 70 Master Plan |
| **TOTAL ESTIMATED AMOUNT** | **$400,000** | |

**Construction-related Professional Services**

| Description of Work | Estimated Dollar Amount | Project |
|---|---|---|
| Environmental Education and Outreach (As-Needed Environmental) | $30,000 | Fisherman's Wharf Public Outreach |
| Design for repair of existing substructure of bridge leading to Sinbad Restaurant and Agriculture building east apron repair | $50,000 | Sinbad Bridge & Ag Blg Walkway Repair |
| Assessment & Repair Plan | $60,000 | Wharf J-9 Seawall |
| Assessment & Repair Plan | $80,000 | Pier 50 Valley Substructure |
| Environmental Investigation Work | $25,000 | Pier 90 |
| Portwide Utility Mapping Project | $200,000 | Portwide Utility Mapping System |
| Environmental (Migratory Birds) | $25,000 | Pier 80 Roofing Project |
| Roof Truss End Connections Engineering | $12,000 | Pier 35 |
| Illinois Street Bridge – Utility and Railroad | $25,000 | Illinois Street Bridge-South Approach |
| Fuel Docks Repairs | $100,000 | Hyde Street Fuel Dock |
| Compilation of historic environmental data | $23,210 | Pier 70 |
| Develop a Sewer System Management Program | $150,000 | Sewer System Management |
| Design Development for automated bilge treatment system | $15,000 | SWL 3030; Hyde Street |
| HVAC System Improvement Plan | $25,000 | Pier 80 Admin & Roundhouse 2 |
| Electrical Service and Distribution | $30,000 | Pier 33 |
| Fire Alarm System Design and Cost Estimate | $10,000 | Pier 35 |
| **TOTAL ESTIMATED AMOUNT** | $860,210 | |

**Staffing Numbers**

Staffing Activity for Fiscal Year 07/08
2nd Quarter, October 1, 2007 – December 31, 2007

| Class/Title | Activities |
|---|---|
| 5207 Assoc. Engr. (Electrical) | Appointment made effective 10/22/07. |
| 5207 Assoc. Engr. (Civil/Structural) | Conducted recruitment to fill a temporary position to substitute a permanent employee on leave of absence; letters re vacancy sent to current eligibles on 11/26/07; vacancy bulletin also posted with DHR's Jobaps; 2 applications received; interviews in January. |
| 1042 IS Engr-Journey | Conducted recruitment to fill two new positions in FY 07/08. Letters re vacancy sent to all candidates in the employment registry on 12/17; interviews in January. |
| 1824 Prin. Admin. Analyst (Financial Analysis) | Position vacated through a promotion with another City agency; will conduct recruitment from the employment register pending requisition approval. |
| 9395 Property Manager | One position vacated thru exempt promotion with another agency; another vacated thru dismissal. Exams will be conducted to establish an eligible list for permanent appointments. |

**PART II. New Additions to the Report**

This section of the report covers the Port Commission's request to expand reporting of contracting activity to include all Port contracts. This section of the report also addresses the new San Francisco Administrative Code Section 14(b) requirement to report activities to assure nondiscrimination in contracting to MBEs, WBEs and OBEs.

The San Francisco Human Rights Commission (HRC) has determined that the Port's contracting activities and the prime contractors/consultants have made a good faith effort to comply with the City and County of San Francisco Local Business Enterprise program, for the most part. There are issues concerning compliance with the LBE subcontracting goal for the Port's Security Guard Services contract. That contract includes a subcontracting goal of 20%. This is the first time that a subcontracting goal has been applied to the Port's security guard services contract.

The listed LBE firm, SRK Security Services terminated its subcontract effective December 31, 2007. The HRC indicates that while Cypress Security has invoiced $356,056 for services rendered to date, the subcontractor has only been paid $30,403 or 8.67%. The expected LBE participation to date should be $71,211. The HRC has required the prime contractor, Cypress Security to remediate the deficiency.

Port Contracting Activity* (Non As-Needed Contracts)

| General Service Contracts | | | | | |
|---|---|---|---|---|---|
| **Contract Date** | **Contractor Name** | **Contract Amount** | **LBE Amount** | **LBE %** (subcontracting) | **Project Description** |
| 5/1/07 | Cypress Security | $398,856 Annually + Additional Srvs | $79,771 | 20%<br>Goal: 20% | Port-wide Unarmed Guard Security Services |
| **Formal Professional Service Contracts** | | | | | |
| **Contract Date** | **Contractor Name** | **Contract Amount** | **LBE Amount** | **LBE %** (subcontracting) | **Project Description** |
| 8/14/07 | Forell/Elsessor Engineers, Inc. | $249,341 | $57,348 | 23%<br>Goal: 20% | Pier 35 Substructure Repair Project |
| **Informal Professional Service Contracts** | | | | | |
| **Contract Date** | **Contractor Name** | **Contract Amount** | **LBE Amount** | **LBE %** (subcontracting) | **Project Description** |
| 8/30/07 | Accredited Certification Associates, LLC | $29,000 | -0- | -0- | Marine Structural Engineering Services |
| 9/06/07 | Anne Godfrey | $ 1,000 | -0- | -0- | Meeting Facilitation Services |
| 9/21/07 | RED Consulting | $10,000 | -0- | -0- | OSHA Lock-Out/Tag-out Program |
| 10/31/07 | SOHA Engineering | $13,000 | -0- | -0- | Pier 35 Improvement Project (Structural) |
| | **Total** | **$53,000** | | **No Goals** | |

| Construction Services Contracts | | | | | |
|---|---|---|---|---|---|
| **Contract Date** | **Contractor Name** | **Contract Amount** | **LBE Amount** | **LBE %** (subcontracting) | **Project Description** |
| 8/6/07 | Dutra Construction Group | $2,278,700 | $5,000 | .21% Goal: 15% | Pier 52 Boat Launch Project |
| 9/10/07 | Fine Line Construction | $1,407,496 | $522,573 | 37% Goal: 20% | Pier 35 Improvement Project |
| 7/16/07 | Best Contracting Services, Inc. | $2,716,055 | $696,531 | 16% Goal: 15% | Pier 33 Roofing and Related Structural Repair Project |
| | **Totals** | $6,402,251 | $1,224,104 | 19.12% | |
| **As-Needed Construction Services Contracts (Fire Protection & Security Systems)** | | | | | |
| **Contract Date** | **Contractor Name** | **Contract Amount** | **LBE Amount** | **LBE %** (subcontracting) | **Project Description** |
| 8/22/07 | Ayoob & Peery | $53,500 | -0- | -0- | Title 19 Fire Protection System |
| 9/11/07 | Kitech Security | $ 3,125 | -0- | -0- | Pier 33 Security Accommodation for Roofing Work |
| 12/17/07 | Kitech Security | $13,075 | $8,128 | 37.4% | Pier 26 Emergency Fire Protection |
| | **Totals** | $69,700 | $8,128 | 11.66% | **No goals required.** |

**Information Technology Contracting Activity.** Contract issued to Xtech in the amount of $583,000, plus support services at a monthly fee of $18,000. No LBE subcontracting participation on this contract for the Oracle Financial Application Upgrade Project.

Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.

- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

**RECOMMENDATION**

The attached report is submitted to meet the requirements stated in the report Background. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator
for: Tina Olson, Director of Finance & Administration

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Michael Seville
Department of Public Works, James Chia
Human Rights Commission, Selormey Dzikunu

## FY 2007-08 2nd QUARTER (October 1, 2007 - December 31, 2007)

Exhibit 1

### Total Summary for As-Needed Contracts by Quarter (Combined)

| | FY 06-07 Total | | | Previous Qtr (1st Qtr 07-08) | | | FY 07-08 2nd Quarter | | | Cumulative To Date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consultant | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % |
| Creegan & D'Angelo | $ 686,431 | $ 117,803 | 17.16% | $ 40,174 | $ 4,320 | 10.75% | $ 173,311 | $ 39,348 | 22.70% | $ 899,916 | $ 161,471 | 17.94% |
| Treadwell/HydroCon | $ 376,553 | $ 67,581 | 17.95% | $ - | $ - | 0.00% | $ 32,079 | $ 2,998 | 9.35% | $ 408,632 | $ 70,579 | 17.27% |
| Weiss Associates | $ 146,002 | $ 49,011 | 33.57% | $ 5,012 | $ 840 | 16.76% | $ 101,524 | $ 24,074 | 23.71% | $ 252,538 | $ 73,925 | 29.27% |
| Bay Area Economics | $ 155,060 | $ - | 0.00% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 155,060 | $ - | 0.00% |
| BDI/ECS JV | $ 115,192 | $ - | 0.00% | $ 10,000 | $ 2,000 | 20.00% | $ - | $ - | 0.00% | $ 125,192 | $ 2,000 | 1.60% |
| Economic Planning Sys. | $ 199,834 | $ 19,089 | 9.55% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 199,834 | $ 19,089 | 9.55% |
| Keyser Marston Assoc. | $ 23,423 | $ - | 0.00% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 23,423 | $ - | 0.00% |
| MCC2 JV | $ 23,761 | $ - | 0.00% | $ - | $ - | 0.00% | $ 19,962 | $ - | 0.00% | $ 43,723 | $ - | 0.00% |
| TEF/Winzler Kelly JV | $ 266,369 | $ 47,801 | 17.95% | $ 110,794 | $ 23,164 | 20.91% | $ 20,369 | $ (1,651) | -8.11% | $ 397,532 | $ 69,314 | 17.44% |
| CBRE Consulting | $ - | $ - | 0.00% | $ 191,425 | $ 64,986 | 33.95% | $ - | $ - | 0.00% | $ 191,425 | $ 64,986 | 33.95% |
| URS/Avila JV | $ 21,477 | $ - | 0.00% | $ 46,440 | $ 6,182 | 13.31% | $ - | $ - | 0.00% | $ 67,917 | $ 6,182 | 9.10% |
| **TOTAL** | **$ 2,014,102** | **$ 301,285** | **14.96%** | **$ 403,846** | **$ 101,492** | **25.13%** | **$ 347,244** | **$ 64,769** | **18.65%** | **$ 2,765,192** | **$ 467,546** | **16.91%** |

### Total Summary for Construction-related Professional Services Only

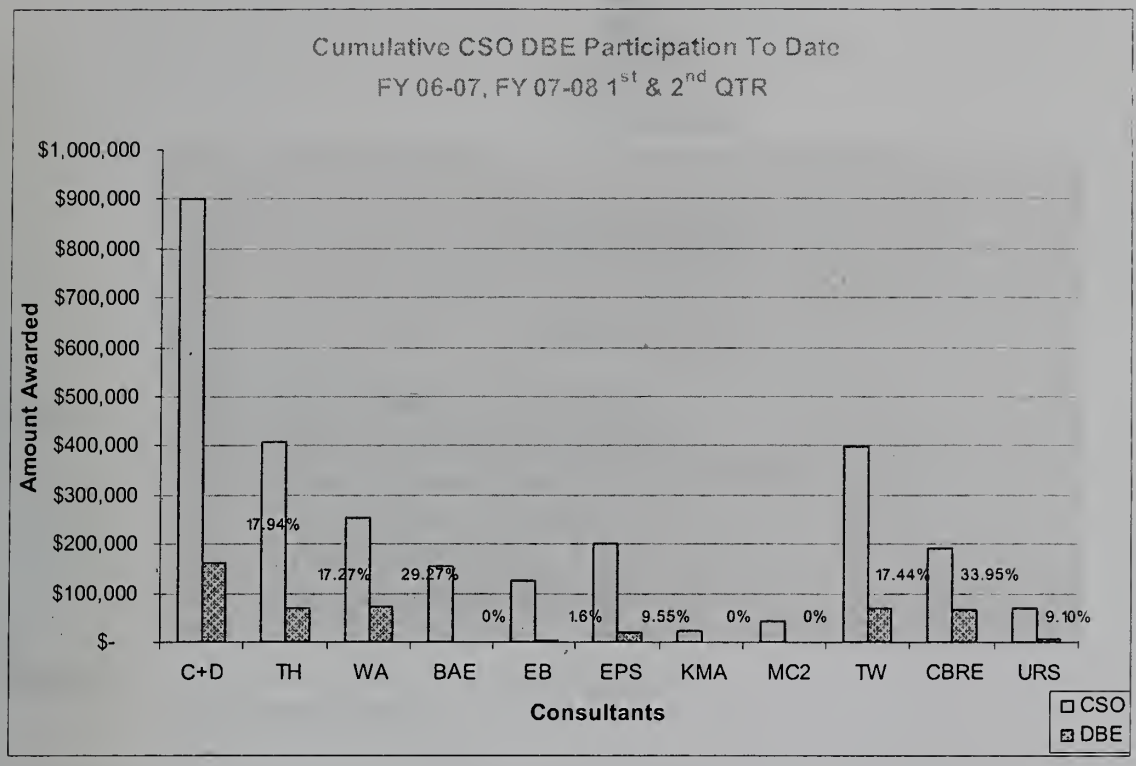
| | FY 06-07 Total | | | Previous Qtr (1st Qtr 07-08) | | | FY 07-08 2nd Quarter | | | Cumulative To Date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consultant | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % |
| Creegan & D'Angelo | $ 686,431 | $ 117,803 | 17.16% | $ 40,174 | $ 4,320 | 10.75% | $ 173,311 | $ 39,348 | 22.70% | $ 899,916 | $ 161,471 | 17.94% |
| Treadwell/HydroC JV | $ 376,553 | $ 67,581 | 17.95% | $ - | $ - | 0.00% | $ 32,079 | $ 2,998 | 9.35% | $ 408,632 | $ 70,579 | 17.27% |
| Weiss Associates | $ 146,002 | $ 49,011 | 33.57% | $ 5,012 | $ 840 | 16.76% | $ 101,524 | $ 24,074 | 23.71% | $ 252,538 | $ 73,925 | 29.27% |
| BDI/ECS JV | $ 115,192 | $ - | 0.00% | $ 10,000 | $ 2,000 | 20.00% | $ - | $ - | 0.00% | $ 125,192 | $ 2,000 | 1.60% |
| MCC2 JV | $ 23,761 | $ - | 0.00% | $ - | $ - | 0.00% | $ 19,962 | $ - | 0.00% | $ 43,723 | $ - | 0.00% |
| TEF/Winzler Kelly JV | $ 266,369 | $ 47,801 | 17.95% | $ 110,794 | $ 23,164 | 20.91% | $ 20,369 | $ (1,651) | -8.11% | $ 397,532 | $ 69,314 | 17.44% |
| URS/Avila JV | $ 21,477 | $ - | 0.00% | $ 46,440 | $ 6,182 | 13.31% | $ - | $ - | 0.00% | $ 67,917 | $ 6,182 | 9.10% |
| **TOTAL** | **$ 1,635,785** | **$ 282,196** | **17.25%** | **$ 212,421** | **$ 36,506** | **17.19%** | **$ 347,244** | **$ 64,769** | **18.65%** | **$ 2,195,450** | **$ 383,471** | **17.47%** |

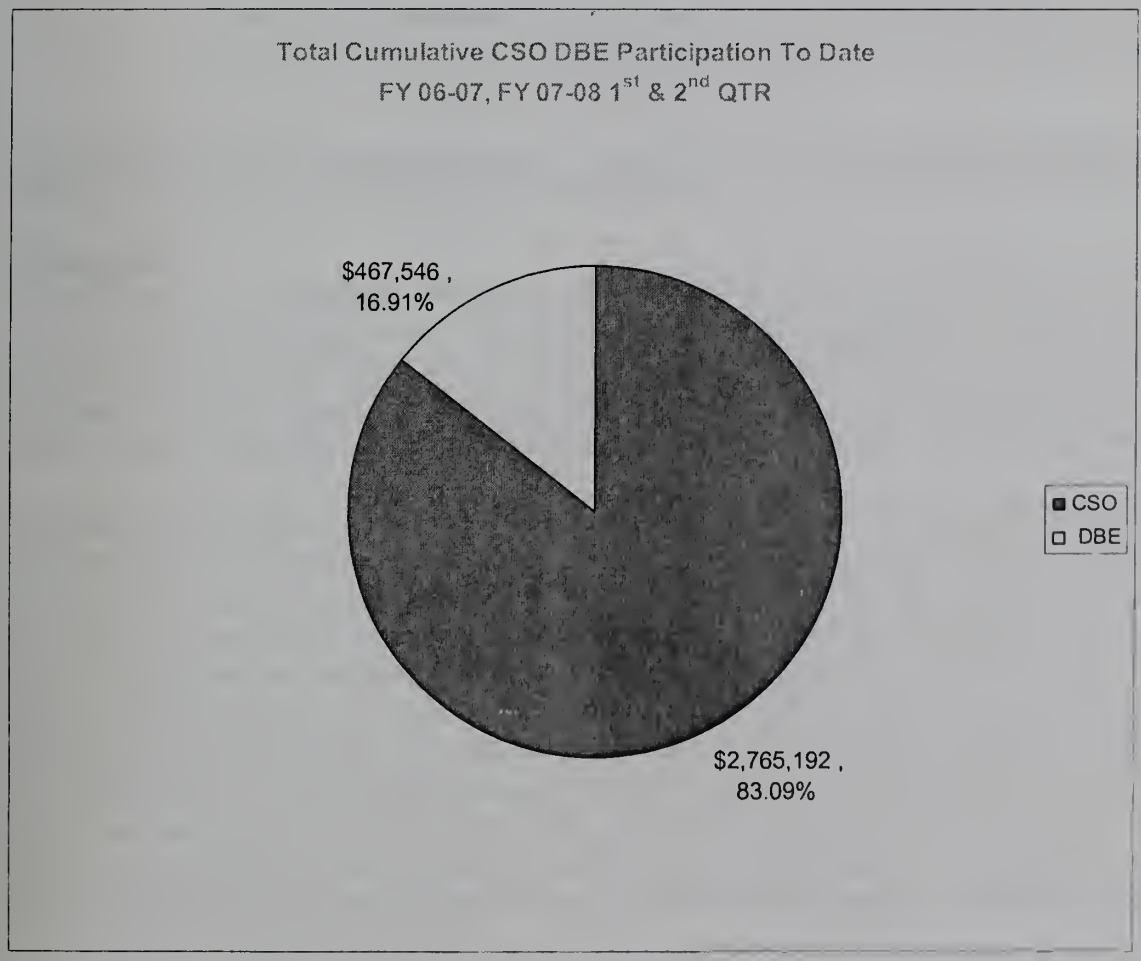
### Total Summary for Non-Construction-related Professional Services Only

| | FY 06-07 Total | | | Previous Qtr (1st Qtr 07-08) | | | FY 07-08 2nd Quarter | | | Cumulative To Date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Consultant | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % | CSO Amt | DBE Amt | DBE % |
| Bay Area Economics | $ 155,060 | $ - | 0.00% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 155,060 | $ - | 0.00% |
| Economic Planning Sys. | $ 199,834 | $ 19,089 | 9.55% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 199,834 | $ 19,089 | 9.55% |
| Keyser Marston Assoc. | $ 23,423 | $ - | 0.00% | $ - | $ - | 0.00% | $ - | $ - | 0.00% | $ 23,423 | $ - | 0.00% |
| CBRE Consulting | $ - | $ - | 0.00% | $ 191,425 | $ 64,986 | 33.95% | $ - | $ - | 0.00% | $ 191,425 | $ 64,986 | 33.95% |
| **TOTAL** | **$ 378,317** | **$ 19,089** | **5.05%** | **$ 191,425** | **$ 64,986** | **33.95%** | **$ -** | **$ -** | **0.00%** | **$ 569,742** | **$ 84,075** | **14.76%** |

FY 07-08 2nd QTR: Total Contract Service Order Awarded

| Consultant | CSO # | CSO Date | Description | CSO Amount | DBE Amount |
|---|---|---|---|---|---|
| Creegan + D'Angelo | CD-12 | 10/19/2007 | Rapid Structural Assessments (25 Additional) | $ 18,942.82 | $ 6,280.00 |
| Creegan + D'Angelo | CD-13 | 10/19/2007 | Pier 35 Timber Roof Trusses | $ 11,470.00 | $ - |
| Creegan + D'Angelo | CD-14 | 11/26/2007 | Pier 45 Drainage Improvements Design | $132,898.00 | $ 33,068.00 |
| Creegan + D'Angelo | CD-15 | 11/26/2007 | Engineering Services for Appeal of FEMA | $ 10,000.00 | $ - |
| Maritime Construct. | MC2-03 | 11/06/2007 | Railroad Track Inventory & Mapping | $ 19,962.00 | $ - |
| Tom Elliot/Winzler | TW-05 | 10/23/2007 | 2007 Dredging Inspection Services Mod # 1 | $ 2,947.77 | $ - |
| Tom Elliot/Winzler | TW-07 | 11/20/2007 | Portwide Corrosion Engineering Services Mod #1 | $ 6,907.26 | $ 1,783.60 |
| Tom Elliot/Winzler | TW-09 | 10/20/2007 | Pier 43.5 Substrcture Assessment Mod #1 | $ (9,780.75) | $ (9,315.00) |
| Tom Elliot/Winzler | TW-10 | 10/12/2007 | Structural Assessment of Port Mooring | $ 20,294.40 | $ 5,880.00 |
| Treadwell Rollo/Hyd | TH-02 | 11/26/2007 | Pier 70 Env Investigations, Risk Mod # 2 | $ 23,070.77 | $ 2,998.00 |
| Treadwell Rollo/Hyd | TH-03 | 10/22/2007 | Pier 33 Roofing - Migratory Bird Mod # 1 | $ 9,008.10 | $ - |
| Weiss Associates | WA-02 | 10/18/2007 | Wharf J10 Technical Support Mod # 3 | $101,524.00 | $ 24,074.00 |
| **TOTAL:** | | | | **$347,244.37** | **$ 64,768.60** |


Cumulative CSO DBE Participation To Date
FY 06-07, FY 07-08 1st & 2nd QTR
$1,000,000
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Amount Awarded
17.94%
17.27%
29.27%
0%
1.6%
9.55%
0%
0%
17.44%
33.95%
9.10%
C+D
TH
WA
BAE
EB
EPS
KMA
MC2
TW
CBRE
URS
Consultants
CSO
DBE


Total Cumulative CSO DBE Participation To Date
FY 06-07, FY 07-08 1st & 2nd QTR
$467,546 ,
16.91%
$2,765,192 ,
83.09%
CSO
DBE

PORT OF SAN FRANCISCO

**MEMORANDUM**

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Rodney Fong
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request approval of Lease No. L-14487 for 745 square feet of office space, 386 square feet of mezzanine storage space, and 36 square feet of office storage space with United Video, Inc. at the Agriculture Building, 101 The Embarcadero, Suites 119, 120, 121, 122 and 116A, and the Mezzanine.

**DIRECTOR'S RECOMMENDATION:** APPROVE ATTACHED RESOLUTION

**Background**

United Video, Inc. (hereafter referred to as "United Video"), has been a tenant in good standing with the Port of San Francisco for over twenty-five years. Since January 1, 2001, United Video has occupied Suites 119, 120, 121, 122 and 116A, and the Mezzanine at the Agriculture Building, 101 The Embarcadero, under Lease No. L-13037 (expired on October 31, 2004). United Video is currently occupying its current premises on a month-to-month holdover basis.

In September 2004, prior to the expiration of Lease Number L-13037, United Video contacted Port Real Estate staff to negotiate a new lease reflective of market rental conditions for 2004 because they were paying rent at an above market rate. On October 25, 2004, Terry Forgette, President of United Video, provided the Port with a completed leasing application package. Mr. Forgette was given the impression that a new lease reflecting market rates for the year 2004 would be forthcoming. For a variety of reasons, the Port did not process United Video's application until March 2005. In April 2005, an agreement was finally reached between the Port and United Video. The agreement was reached utilizing the Port Commission's Approved Minimum Rent Schedule for 2005 and 2006. During the period of April to October 2005, Mr. Forgette sent numerous letters to the Port inquiring about the status of his new lease. Unfortunately, the Port was non-responsive to United Video's inquiries. In October 2005, United

**THIS PRINT COVERS CALENDAR ITEM NO. 8A**

Video, frustrated with the Port's lack of response, began paying $1,218.11 per month, representing the monthly base rent amount negotiated with Port in April 2005. To date, United Video has continued to pay this amount.

Under proposed Lease No. L-14487 (hereafter referred to as the "Lease"), United Video is requesting a four (4) year lease utilizing a monthly rental rate compliant with the Port Commission Approved Minimum Rent Schedule for 2005 and 2006. Port staff is requesting a retroactive commencement date in order to accurately reflect the deal negotiated with United Video in April of 2005.

**Lease Terms and Conditions**

United Video will sign the Port's standard form lease document as adopted by the Port Commission. The salient terms and conditions of the proposed lease include the following:

**Premises:** Parcel A: approximately 145 rentable square feet of office space
Parcel B: approximately 182 rentable square feet of office space
Parcel C: approximately 243 rentable square feet of office storage space
Parcel D: approximately 175 rentable square feet of office storage space
Parcel E: approximately 386 rentable square feet of mezzanine storage space
Parcel F: approximately 36 rentable square feet of office storage space.

**Location:** The Agriculture Building (101 The Embarcadero), Suites 119, 120, 121, 122 and 116A.

**Commencement Date:** Retroactive to October 1, 2005.

**Lease Expiration Date:** September 30, 2009

**Lease Term:** Forty-Eight (48) months.

**Base Rent:**

| *Monthly Base Rent:* | Months | Sq. Ft. | Monthly Base Rate | Total Monthly Base Rent |
|---|---|---|---|---|
| Parcel A: | 1-12 | 145 | × $1.75 | $253.75 |
| Parcel B: | | 182 | × $1.75 | $318.50 |
| Parcel C: | | 243 | × $1.00 | $243.00 |
| Parcel D: | | 175 | × $1.00 | $175.00 |
| Parcel E: | | 386 | × $0.54 | $208.44 |
| Parcel F: | | 36 | × $0.54 | $19.44 |
| | | | | Total $1,218.13 |
| Parcel A: | 13-24 | 145 | × $1.80 | $261.00 |

| | | | | |
|---|---|---|---|---|
| Parcel B: | | 182 | × $1.80 | $327.60 |
| Parcel C: | | 243 | × $1.00 | $243.00 |
| Parcel D: | | 175 | × $1.00 | $175.00 |
| Parcel E: | | 386 | × $0.75 | $289.50 |
| Parcel F: | | 36 | × $0.75 | $27.00 |
| | | | | Total $1,323.10 |
| Parcel A: | 25-36 | 145 | × $1.85 | $268.25 |
| Parcel B: | | 182 | × $1.85 | $336.70 |
| Parcel C: | | 243 | × $1.03 | $250.29 |
| Parcel D: | | 175 | × $1.03 | $180.25 |
| Parcel E: | | 386 | × $0.77 | $297.22 |
| Parcel F: | | 36 | × $0.77 | $27.72 |
| | | | | Total $1,360.43 |
| Parcel A: | 37-48 | 145 | × $1.91 | $276.95 |
| Parcel B: | | 182 | × $1.91 | $347.62 |
| Parcel C: | | 243 | × $1.06 | $257.58 |
| Parcel D: | | 175 | × $1.06 | $185.50 |
| Parcel E: | | 386 | × $0.79 | $304.94 |
| Parcel F: | | 36 | × $0.79 | $28.44 |
| | | | | Total $1,401.03 |

**Use:** Parcel A: General office use only
Parcel B: General office use only
Parcel C: General office storage use only
Parcel D: General office storage use only
Parcel E: General office storage use only
Parcel F: General office storage use only

**Security Deposit:** $2,802.06 equal to two months' rent

**Proposed Monthly Base Rent**

Under the Port's Leasing Policy, the Rental Rate Schedule sets ranges of minimum lease/license rental rates per square foot and ranges of minimum net effective rental rates per square foot (if any rent credits are to be provided) by type of use and facility for office and industrial space, and provides for periodic rental rate updates. Port staff reviews and analyzes available commercial data including market comparables of similarly situated properties to that of Port properties and evaluates Port transactions over the past 12 months to establish fair market value. The Port Commission last updated the Rental Rate Schedule in July 2007, by Resolution No. 07-40. Per

the 2007 Schedule, the minimum monthly rental rate for the Agriculture Building (101 The Embarcadero) is $2.00 for window office space and $1.50 for interior office space.

United Video is requesting a new four (4) year lease utilizing a monthly rental rate compliant with the Port Commission Approved Minimum Rent Schedule for 2005 and 2006. The minimum monthly rental rate for the Agriculture Building is $1.75 for window office space and $1.00 for interior office space.

Although rental rates for Parcels E and F are slightly below the Port Commission's 2007 Minimum Rental Rate Schedule of $1.50 per square foot for interior office space, these two parcels are substandard interior office storage space. Port staff recommends that $0.54 per square foot represents fair market value for these two storage areas.

**Recommendation**

Port Real Estate staff recommends that the Port Commission approve the proposed Lease No. L-14487 with United Video, Inc. and authorize the Executive Director or her designee to execute said Lease Number L-14487 with United Video for the rental of Suites 119, 120, 121, 122 and 116A, and the Mezzanine, located at the Agriculture Building, 101 The Embarcadero, in the City and County of San Francisco for a term of four (4) years and subject to the additional terms and conditions set forth above.

Prepared by: Elliott Riley, Senior Property Manager
For: Susan Reynolds, Deputy Director of Real Estate

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-05**

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, United Video, Inc., a California corporation proposes and Port staff agrees to a four (4) year lease for Suites 119, 120, 121, 122 and 116A, and the Mezzanine, located at the Agriculture Building, 101 The Embarcadero utilizing the Fiscal Year 2005-06 Port Commission Minimum Rental Rate Schedule for exterior and interior office space; and

WHEREAS, United Video proposes and Port staff agrees to a retroactive commencement date of October 1, 2005 in order accurately reflect the deal negotiated with United Video in April of 2005; and now, therefore, be it

RESOLVED, that the Port Commission hereby approves the proposed lease of the Premises to United Video, Inc. on the terms and conditions set forth in the staff report on file with the Secretary of the Port Commission and authorizes the Executive Director, or her designee, to negotiate and execute a final lease with said tenant in a form consistent with this resolution and as approved by the Office of the City Attorney; and now, be it further

RESOLVED, that the Port Commission authorizes the Executive Director, or her designee to execute and enter into any additional documents including non-material modification to the lease with United Video, Inc., as she deems necessary or appropriate, in consultation with the City Attorney, to consummate the transactions contemplated hereby or to otherwise effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of any such documents.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

**MEMORANDUM**

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director M Moyer

**SUBJECT:** Authorization to apply for, accept and expend $3,660,000 in Proposition 1B Grant Funds from the California Office of Homeland Security for security improvements at the Port of San Francisco.

**DIRECTOR'S RECOMMENDATION:** APPROVE RESOLUTION

**Funding Overview**

The State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond act of 2006 (the "Bond Act"), approved by voters in 2006 as Proposition 1B, authorized the issuance of $19,925,000,000 in general obligation bonds. Section 8879.23(c)(3) directs that $100 million of those funds be made available to issue grants for port and maritime security projects. Senate Bill (SB) 88, which implements the funding provisions in the Bond Act, was signed by the Governor and chaptered into law on August 24, 2007. The legislature appropriated $40 million of the California Port and Maritime Security Grant Program funds in FY 2007, with the remainder to be divided between FYs 2008 and 2009.

During the past year, Port staff has collaborated closely with the other major Bay Area ports (Oakland, Richmond, and Stockton), other maritime stakeholders, and the U.S. Coast Guard to improve maritime security throughout the region. The 2007 federal Department of Homeland Security (DHS) grant funds successfully sought by the Port provide funds to improve security both within the Port of San Francisco, and on a regional basis. Past grant-funded projects include a Security and Vulnerability Assessment, Emergency Operations Plan, Physical Security Plan, security upgrades to the Pier 35 Cruise Ship Terminal and Pier 80, and high security fencing.

**This Print Covers Calendar Item No. 8B**

**The Port's Grant Application**

Port staff plan to make the following requests of the State of California under the 2007 California Port and Maritime Security Grant Program:

- **$700,000 - Access and Key Control Management System** to replace the Port's outmoded access controls with a modern hybrid system capable of maintaining and tracking a variety of key types and access systems. The system will be designed to ensure security is not degraded during routine tenant turnover, and will include a verifiable audit trail for Port property ranging from vehicles and vessels to historic cargo piers and class 'A' office buildings.

- **$1,500,000 -Video surveillance equipment** to improve perimeter security as well as safety in high impact pedestrian areas throughout the Port. This equipment will complement the Port's ongoing security fence installation project, harden Port facilities against crime and potential terrorist activities, and act as a 'force multiplier' for our contract security services. This project was submitted as part of the Port's 2007 Department of Homeland Security (DHS) Port Security Grant application, but was not approved for funding.

- **$700,000 - Security lighting** to increase security at cargo and passenger terminals as well as at high impact pedestrian areas throughout the Port. Improved lighting will strengthen perimeter security as well as safety in high impact pedestrian areas through synergy with both the Port's ongoing security fence installation program and with the video surveillance equipment Port staff also plans to apply for in this grant.

- **$250,000 - Security guard booths** for use by the Port's security officers and the Police Department, in the Port's highly trafficked pedestrian locations not currently well-served by a highly visible security presence. The booths' portability will allow them to be moved from one location to another, for special events or on short notice, as the Ports' needs and security posture changes.

- **$510,000 - Funds for matching other grants** to provide the Port's 25% match to the 2007 federal DHS Port Security Grant. DHS approved two of the Port's Investment Justifications: a request for $981,786 to continue installation of high security fencing throughout the Port and the Port's sponsorship of a request made jointly with the ports of Oakland, Richmond, and Stockton for $540,750 to contract for a Regional Security Risk, Vulnerability, and Response Capability Assessment. The latter request was designed to improve maritime security on a regional basis.

The Port's application must include a Governing Body Resolution, which is why this is being brought to the Port Commission prior to receiving notice of a grant award. Unlike the federal DHS grant funds, no matching funds are required for projects requested through this program. The application deadline is January 31, 2008.

The grant performance period will be a maximum of three years, and will commence upon grant award notification by the California Office of Homeland Security (OHS) to the recipient agency. The duration of the grant performance period will be requested by the recipient agency in their investment justification, reviewed by the peer review panel, and confirmed by OHS.

In early February, OHS will convene a Peer Review Panel, comprised of Port Security Directors who participate in the Governor's California Maritime Security Council (CMSC) to evaluate the investment justifications and make recommendations to OHS. The Port's Director of Homeland Security participates in the CMSC as chair of the State Maritime Security Strategy subcommittee. OHS will internally review the Peer Review Panel's recommendations, and then discuss funding decisions with the CMSC.

**Commission Action**

Port staff seek Commission authorization for the Executive Director to apply for, accept, and expend Proposition 1B Grant Funds from the California Department of Homeland Security for Port security improvements and to indemnify the granting agency if required.

Prepared by: Sidonie Sansom
Director of Homeland Security

Daley Dunham
Principal Administrative Analyst

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-06**

WHEREAS, The State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (the "Bond Act"), approved by voters in 2006 as Proposition 1B, authorized the issuance of $19,925,000,000 in general obligation bonds. Section 8879.23(c)(3) directs that $100 million of those funds be made available to issue grants for port and maritime security projects; and

WHEREAS, Senate Bill (SB) 88, which implements the funding provisions in the Bond Act, was signed by the Governor and chaptered into law on August 24, 2007; and

WHEREAS, the Port intends to apply to the California Office of Homeland Security (OHS) for grant funding in the amount of $3,660,000 for various security upgrades; and

WHEREAS, for this grant, OHS requires applicants to certify by resolution that the applicant is authorized to enter into a grant agreement should an award be given, as part of the grant application; and

WHEREAS, if the Port is awarded a grant from OHS, the Port will enter into a grant agreement with that agency; now, therefore, be it

RESOLVED, that this Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend the grant, if awarded; and be it further

RESOLVED, that the Executive Director or her designee is hereby authorized to indemnify the State for liability associated with the Project to the extent approved by the City's Risk Manager and the City Attorney's Office, if required by the granting agency; and be it further

RESOLVED, that this Port Commission hereby authorizes the Executive Director or her designee to execute for and on behalf of the named applicant, a public entity established under the laws of the State of California, any actions necessary for the purpose of obtaining federal financial assistance provided by the federal Department of Homeland Security and sub-granted through the State of California, including any extensions, augmentations or amendments to grant agreements.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

# MEMORANDUM

January 11, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director MMoyer

**SUBJECT:** Informational presentation on proposed terms of Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78.

**DIRECTOR'S RECOMMENDATION:** INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

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**Background**

An informational presentation on the terms of the proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") was made to the Port Commission at the October 29, 2006 Port Commission meeting. Approximately 60 pilots share ownership in the Bar Pilots. They move more than 8,500 vessels per year working closely with shipping agencies, tug companies and the U.S. Coast Guard to deliver cargo to various ports in the Bay Area and Monterey Bay. The Bar Pilots' geographic area of responsibility encompasses the entire Bay Area as far out as Stockton and Sacramento as well as Monterey Bay.

In 1989 the Port and the Bar Pilots executed a 20-year lease (No. L-11515), for 45,074 sq. ft. of real property at the end of Pier 9 consisting of shed and apron space. The Bar Pilots leased this space from the Port in its as-is condition as unimproved warehouse space and made significant improvements including construction of office, dispatch and member accommodations. The 1989 lease terms reflect the unimproved condition of the premises at the time of lease commencement. The Bar Pilots currently pay the Port $29,018.51 monthly for these premises.

The Bar Pilots have approximately twenty-three months remaining on Lease No. L-11515 which expires on December 31, 2009. The Bar Pilots are headquartered at Pier 9 where they dispatch and oversee vessel operations, perform vessel maintenance, maintain office space for the administration of the Bar Pilots' business and maintain quarters for housing on-duty pilots. For

**This Print Covers Calendar Item No. 9A**

matters of planning and continuity, the Port and the Bar Pilots began negotiations in 2006 with the goal of entering into another long-term lease. The proposed terms are as follows:

**Lease Terms for New Lease No. L-14282**

| | |
|---|---|
| **LANDLORD:** | CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION |
| **TENANT:** | San Francisco Bar Pilots Benevolent and Protective Association |
| **PREMISES:** | Pier 9 -<br>19,718 s.f. of office space;<br>20,088 s.f. of shed and storage space<br>14,342 s.f. of apron space<br>54,148 s.f. Total |
| **LEASE COMMENCEMENT DATE:** | January 1, 2010 |
| **LEASE EXPIRATION DATE:** | December 31, 2024 |
| **LEASE TERM:** | Fifteen years |

**MONTHLY BASE RENT:**

| | | |
|---|---|---|
| Office Space: | $74,928.40 | ($3.80 psf/month) |
| Shed and Storage Space: | $18,882.72 | ($0.94 psf/month) |
| Apron Space: | $ 3,298.66 | ($0.23 psf/month) |
| Total Monthly Base Rent: | $97,109.78 | |

Base Rent shall be adjusted by 3% annually. The above rates for 2010 reflect a 20% discount from estimated January 1, 2010 market rates for comparable space to acknowledge Tenant's excellent history of maritime tenancy at the Port. Base Rent shall be adjusted to market at 5-year intervals; however Port agrees that the first such 5-year market adjustment to be effective January 1, 2015 will again reflect a 20% discount from market rates for comparable space provided no event of default has occurred or is continuing. Thereafter, subsequent 5-year market rate adjustment will occur without such discount. Any inability to reach mutual agreement on the definition of said market rate will result in mandatory arbitration as detailed in the lease, including the option of either party to terminate the lease.

**USE:** The Premises shall be used for offices, locker rooms, meeting rooms, exercise, dining and sleeping facilities for the San Francisco Bar Pilots, vessel berthing and maintenance facilities and support functions reasonably appurtenant thereto, including automobile parking, and for no other purpose, provided that such activities are conducted in accordance with the Best Management Practices specified in the lease. Such Best Management Practices may be revised from time to time by the

| | |
|---|---|
| | Tenant with the prior written consent of the Port's Executive Director. |
| **COMMON AREA MAINTENANCE CHARGES:** | Tenant shall be responsible for its proportionate share of common area maintenance charges ("CAMs") from and after the 5th anniversary date of the Lease Commencement Date ("Anniversary Date") or the 10th Anniversary Date, as applicable, if the Port Commission approves the assessment of CAMs for Pier 9 prior to the 5th Anniversary Date or the 10th Anniversary Date, as applicable. Tenant shall have the option to terminate the Lease if Tenant elects not to pay the CAMs. |
| **SECURITY DEPOSIT:** | Tenant shall provide a Security Deposit equal to $109,361.48 by Lease Commencement Date and an additional $109,361.48 within the subsequent 12 month period such that the Security Deposit will equal no less than twice the Base Rent of the 49th month of the lease term. Subsequent Security Deposit adjustments will be required as Base Rent increases such that the security deposit shall always be equal to no less than two months of the then current Base Rent. |
| **APRON AND FENDER:** | Tenant shall be solely responsible for the maintenance, repair and/or replacement of the apron including the substructure and fendering system. |
| **INSURANCE:** | Tenant shall provide insurance coverage acceptable to Port and City Risk Manager. |
| **CITY REQUIREMENTS:** | The lease shall include provisions requiring Tenant to comply with all applicable City laws (including, but not limited to, Non-discrimination, First Source Hiring, Heath Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws). |
| **ENVIRONMENTAL OVERSIGHT DEPOSIT (ABOVE AND BEYOND SECURITY DEPOSIT):** | $10,000 |
| **LETTER OF CREDIT (ABOVE AND BEYOND SECURITY DEPOSIT):** | $100,000 |

**Environmental Security Requirements for Lease No. L-14282**

In addition to standard lease provisions such as those prohibiting the introduction of hazardous materials onto Port property, the lease shall include provisions specific to Bar Pilots' operations as noted below:

1) Bar Pilots shall provide to the Port copies of any and all Certificates of Financial Responsibility (COFR) required of their fuel provider(s) pursuant to CCR Title 14 §791.7.

2) Bar Pilot shall provide to the Port a copy of best management practices (BMPs) designed to ensure environmental compliance, pollution prevention and overall minimization of environmental risks. The following BMP's shall be exhibits to the lease:

- Pier 9 Fueling Procedures (1 page)
- Pier 9 Lube Oil Change and Transfer Procedures (1 page)
- Oil Spill Reporting Procedures (1 page)
- Water Quality Insurance Syndicate (from bulletin board)
- Emergency Action Plan (pp. 1-7)
- Hazardous Communications Plan (pp. 1-8 + Appendices A-D)

**Next Steps**

Port staff and the Bar Pilots are in the process of preparing the documentation for the proposed lease. We expect to return to the Port Commission for formal action on February 12, 2008.

Prepared by Peter Dailey, Deputy Director, Maritime

PORT OF SAN FRANCISCO

# MEMORANDUM

January 1, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director M Moyer

**SUBJECT:** Informational presentation on the proposed terms of a Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250

**DIRECTOR'S RECOMMENDATION:** INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

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## Background

An informational presentation was brought to the Port Commission on the terms of the proposed settlement agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") at the October 29, 2006 Port Commission meeting. Approximately 60 pilots share ownership in the Bar Pilots. They move more than 8,500 vessels per year working closely with shipping agencies, tug companies and the U.S. Coast Guard to deliver cargo to various ports in the Bay Area and Monterey Bay. The Bar Pilots' geographic area of responsibility encompasses the entire Bay Area as far out as Stockton and Sacramento as well as Monterey Bay.

In 1989, the Port and the Bar Pilots executed a 20-year lease (No. L-11515) for 45,074 sq. ft. of real property at the end of Pier 9 consisting of shed and apron space. The Bar Pilots leased this space from the Port in its as-is condition as unimproved warehouse space and made significant improvements including construction of office, dispatch and member accommodations. The lease terms reflect the unimproved condition of the premises at the time of lease commencement. The Bar Pilots currently pay the Port $29,018.51 monthly for these premises.

**This Print Covers Calendar Item No. 9B**

**Apron Repairs/Settlement Agreement**

In 1992, the Bar Pilots and the Port entered into a settlement agreement to resolve a dispute with regard to repair of the apron and fenders at Pier 9. The 1992 agreement was a cost sharing arrangement between the Port and the Bar Pilots to make the necessary repairs. The Port provided the labor and some materials and the Bar Pilots provided cash contribution for the repairs. The previously repaired apron has been deemed in need of further repair. It is unclear from the current condition survey why the 1992 repairs were not sufficient.

Together with the Bar Pilots' engineers, the Port engineering and maintenance staff have determined the cost of repair to the Apron to be approximately $710,500 ("Apron Repair Costs"). The Bar Pilots and Port are proposing to enter into a new settlement agreement ("Settlement Agreement") relating to the repair of the apron, its underlying substructure, the fendering system (collectively, "Apron") and the cost sharing mechanism between Port and the Bar Pilots for the Apron Repair Costs. The Bar Pilots shall fully fund the repairs, provided that upon completion of the Apron repairs, Port shall provide a rent credit to the Bar Pilots for an amount equal to the lesser of ½ of the actual Apron Repair Costs or $355,250. The Bar Pilots shall be entitled to receive the rent credit only if all of the following conditions are met: (i) the Bar Pilots are not in default, under any term or condition of Lease No. L-11515; (ii) Port has reviewed and approved copies of receipts, cancelled checks, invoices marked "Paid", unconditional lien waivers from all contractors, subcontractors, suppliers and materialmen who provided any labor, materials or services related to the Apron work, and other items reasonably acceptable to Port evidencing proof of such expenditures; and (iii) a final sign off for the Apron work has been issued by the Port. Upon satisfaction of the foregoing conditions, the rent credit shall be applied against the immediately following monthly installment of base rent due; provided however that, in the event all or any portion of the rent credit available to the Bar Pilots exceeds an amount equal to one-half (½) of such monthly installment of base rent due, the remaining portion of the rent credit shall be carried forward to the next installment of monthly base rent due at a rate not to exceed one-half (½) of said base rent due until the earlier to occur of (x) the rent credit being fully applied, or (y) a default by the Bar Pilots of any term or condition of Lease No. L-11515 or any future lease for the premises. Additionally, under the proposed Settlement Agreement, repairs to the Apron will have a useful life through at least December 31, 2024. The Bar Pilots shall be required to perform the repairs within a certain timeframe and the Bar Pilots shall be solely responsible for the maintenance, repair and replacement of the Apron including the underlying substructure and fendering system for the duration of Lease No. L-11515 term and any future lease for the premises. Should the Bar Pilots not perform the repairs within the specified timeframe, they will be subject to assessment of liquidated damages until the repairs are deemed complete pursuant to the terms of the Settlement Agreement.

**Next Steps**

Port staff and the Bar Pilots are in the process of preparing the documentation for the proposed settlement agreement. We expect to return to the Port Commission for formal action on February 12, 2008.

Prepared by Peter Dailey, Deputy Director, Maritime

PORT OF SAN FRANCISCO

**MEMORANDUM**

January 9, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Quarterly Project Update for the Illinois Street Intermodal Bridge Project

**DIRECTOR'S RECOMMENDATION**: FOR INFORMATION ONLY – NO ACTION REQUIRED

**BACKGROUND**

Due to funding regulations[1], the Illinois Street Bridge Project construction is being completed with two separate contracts. Contract No. 2680 was awarded to Shimmick Construction Company for the design and construction of the bridge, control system and North Approach. A separate contract, Contract No. 2709, was awarded to Stacy & Witbeck for construction of the South Approach.

Contract No. 2680 was substantially completed on October 31, 2006 with the exception of minor punch items and integrated testing of the bridge control system. Port staff negotiated a change order with Shimmick to postpone final testing of the bridge operations until the South Approach is complete. The testing program, which includes control system adjustments and training of Port personnel, is to be completed within two months after remobilization, currently planned to commence January 21, 2008.

The Stacy & Witbeck Contract No. 2709 constructs the South Approach and includes instrumentation that connects to the bridge control system. The completion of this contract is driving the bridge functional completion date. Staff issued the Notice to Proceed in December, 2006 and anticipated the South Approach would be substantially complete by the end of May, 2007. This was not achieved due to unavoidable delays in procurement of Auxiliary Water

[1] Approximately 20% of the Bridge construction funding is provided by a grant from the Federal Highway Administration. It has required use of a separate contractor and has resulted in significant delays to the construction schedule.

**This Print Covers Calendar Item No.** 10A

Supply System (AWSS) material and the discovery and mitigation of unforeseen underground utilities. Port worked with utility owners, the Union Pacific Railroad and Stacy & Witbeck to resolve these issues and expects to achieve substantial completion in late January, 2008 which is later that November 8, 2007 previously approved by the Port Commission. Integrated testing of the bridge control system, provided for under Contract No. 2680, cannot be achieved until instrumentation work performed under Contract No. 2709 is incorporated into the system. This integrated testing will confirm that the complete system is fully operational, safe and warranted in accordance with the terms and conditions of Contract No. 2680.

Port Staff will seek Commission approval of the time extensions and extra costs associated with the delays of both contracts after the new completion dates are determined. Port Staff is anticipating additional cost in the South Approach contract due to changes required by MUNI, DPT, and SFFD, late removal by PG&E of its abandoned oil pipeline, late energization by PG&E, installation of the AWSS in oil contaminated ground water, repair of existing Port rail adjacent to new rail and additional handling of and disposal of Class I and Class II contaminated soil. Staff is currently negotiating these costs with the Contractor.

The status of each contract is described below.

**ILLINOIS STREET BRIDGE CONTRACT NO. 2680**

**Scope:**
Design / build contract for the design of the bridge and approaches, and construction of the bridge, freight track to Pier 80, and the North Approach. Construction of the South Approach is not included.

**Design Builder**:

- Shimmick Construction Company, Inc.

**Construction Progress – *98% complete*:**

- Lockable pull boxes have been installed and vandalized wire replaced.
- PG&E energized street lighting and train control systems on December 28, 2007.

**Issues:**

- Control system testing and operational training is pending completion of the South Approach.

**Construction Forecast:**

- Remaining work consists primarily of testing and adjusting of hydraulic, electrical, and control systems and training of Port personnel. This work will recommence after substantial completion of the South Approach.

**Construction Cost Summary:**

**Table 1**
**Cost Summary for Contract No. 2680**

| Item | Amount |
|---|---|
| | |
| Total Funds for Contract No. 2680 Authorized by Commission | $18,881,306 |
| Total Contract Amount to Date Including Executed Change Orders | $18,861,302 |
| Sub-total Remaining Available Construction Contingency | $20,004 |

Since award of Phase I (design - $1,715,000) and Phase II (construction- $11,495,000), the following Change Orders (CO) have been executed to Contract 2680:

- CO#1 $775,000 and 0 Calendar Days (CDs) for Alternates 3, 4 and 5 (Commission Resolution 04-46)
- CO#2 $15,152 and 8 business days = 12 CDs to evaluate increasing opening and closing speed of the bridge
- CO#3 $40,000 and 21 CDs for design changes due to the Bay Conservation and Development Commission (BCDC) permit requirements
- CO#4 $23,907 and 14 CDs to evaluate Coast Guard issues concerning raising the bridge clearance
- CO#5 $2,900,000 and 189 CDs for Alternate 2 and resolution of all current additional work, delay, and cost claims (Commission Resolution 05-42).
- CO#6 $880,018 and 0 CDs for design changes to the south approach and BCDC handrail requirement
- CO#7 $210,509 and 0 CDs for provision of south approach bid documents
- CO#8 $310,832 and 49 CDs for material caused delay and for purchase of long lead items for the south approach (Commission Resolution 06-52)
- CO#9 $47,032 and 43 CDs for delay and due to unforeseen field conditions of utilities found during construction and for mitigation of the conditions (Commission Resolution 06-68)
- CO#10 $248,810 for remobilization of the control system testing team and minor scope additions. Final completion date extended to July 31, 2007. (Commission Resolution 06-89)
- CO#13 – (Cancelled and superseded CO#11 & CO#12) $220,042 for additional work to provide for installation and retesting of electrical wiring removed by vandals, installation of new lockable pull boxes and to extend contract warrantees to start after final testing and Port acceptance of the bridge. Final completion date extended to January 7, 2008.

**ILLINOIS STREET BRIDGE – SOUTH APPROACH - CONTRACT NO. 2709**

**Scope:**
Construction of the South Approach.

**Contractor:**
Stacy & Witbeck, Inc.

**Construction Progress -** ***90 % Complete***

- Notice to proceed — December 19, 2006
- Field work commenced — Mid January, 2007
- Port Commission Authorized Substantial Completion — November 8, 2007
- Estimated Substantial completion — January 21, 2008

- Unforeseen underground utilities have been rerouted and / or protected.
- Railroad track work has been completed and the track system has been connected.
- First rail car was delivered along new Amador Street track spur.
- Roadway work has been completed with the exception of the area under the Auxiliary Water Supply System (AWSS).
- Street lighting and traffic signal work has been completed with the exception of installation of the controller (from DPT) and energization (from PG&E).

**Issues:**

- PG&E's removal of the abandoned fuel oil line took longer than planned, delaying project work.
- PG&E has not yet energized the South Approach lighting, traffic signals and train control systems – currently planned for January 17, 2008.
- MUNI has requested Port provide a separate (additional) train control system cabinet instead of the planned shared cabinet with MUNI. The design and procurement is in progress.
- MUNI is considering requesting changes to the train / traffic control systems logic.
- DPT requested additional wiring for traffic signal controls not in the original scope.
- Contractor has not yet completed train control wiring.
- Contractor encountered an oil sheen while excavating Amador Street for installation of the AWSS. Further excavation was on hold pending Contractor developing a health and safety plan and system for removal of contaminated water. Work restarted January 9, 2008.
- An additional valve will have to be installed in the AWSS in order for the system to be hydrotested. This work will be reimbursed by the San Francisco Fire Department. Part of the AWSS will have to be rerouted to avoid unforeseen underground facilities.
- A section of existing Port railroad track adjacent to the new Amador track spur had to be repaired to meet Union Pacific Railroad standards.

- Additional handling of and disposal of unscoped Class I and Class II soil.

**Construction Forecast:**

Remaining work consists primarily of:

- Provision, hook-up and testing of an additional train control system cabinet.
- Energization, testing and adjustment of street lights, train and traffic control systems.
- Completion of the AWSS system.
- Acceptance of the project by Union Pacific Railroad, MUNI, CPUC, SFFD, Federal Railroad Administration and U.S. Coast Guard.

**Construction Cost Summary:**

**Table 2**
**Cost Summary and Change Orders for Contract No. 2709**

| | | |
|---|---|---|
| Original Contract Amount | | $3,952,400 |
| Change Orders | | |
| 1 | Remove extra concrete from track and street right of way | $9,177 |
| 2 | Additional Handling of and disposal of class I & II soil, additional roadway work, UPRR review costs, time extension due to late AWSS material | $127,057 |
| 3 | Additional Handling of and disposal of class I & II soil | $14,763 |
| 4 | Wharf Repair | $56,100 |
| 5 | Various Force Accounts for unforeseen additional work - Removal of unknown underground obstructions, repair of existing damaged utilities & security protection | $44,858 |
| 6 | Various Force Accounts for unforeseen additional work - Site investigation of underground utilities & removal of unknown underground obstructions | $27,349 |
| 7 | Provide Lockable Pull Boxes | $2,335 |
| 8 | Additional work and schedule extension to remove, reroute and protect underground utilities | $277,835 |
| Subtotal Change Orders | | $559,474 |
| Total Contract Amount<br>Authorized Contract Amount | | $4,511,874<br>$4,547,640 |
| Remaining Contingency | | $35,766 |

**Construction Photos attached hereto:**

1) Utility Interferences at Amador Street
2) Rail Car Delivery along New Amador Street Spur
3) Roadway, Rail and Street Lights at Illinois Street – Southern Location

Prepared By: Kim von Blohn, Project Manager
For: Ed Byrne, Chief Harbor Engineer

PHOTO #1: UTILITY INTERFERENCES AT AMADOR STREET

PHOTO #2: RAILCAR DELIVERY ALONG NEW AMADOR STREET SPUR

PHOTO #3: ROADWAY, RAIL AND STREET LIGHTS AT ILLINOIS STREET - SOUTHERN LOCATION

PORT OF SAN FRANCISCO

**MEMORANDUM**

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Authorization to execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction to increase the contract amount by an additional $583,450 and extend the Contract substantial completion date by an additional 10 days.

**DIRECTOR'S RECOMMENDATION:** ADOPT ATTACHED RESOLUTION

## Introduction

Port staff request Commission authorization to execute a contract modification to Contract 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction to increase the contract amount by $583,450, to repair unforeseen dry rot damage to structural wood framing and the increased stucco removal and replacement; and other unforeseen conditions. Port Commission authorization for this proposed contract modification is required because the cost of this additional work is estimated to be $583,450 which is $442,700 more than the current authorized 10% contract contingency amount of $140,750. Port Staff also request authorization to add a 20% contingency of $116,690 for future unanticipated conditions and to extend the Contract substantial completion date by an additional 10 days to account for this additional work. Port staff are currently negotiating the extent and final cost of the change order with D.F.P.F. Corporation dba Fine Line Construction. Port staff plans to present the status of the change order in the next Commission meeting on February 12, 2008. If additional funds or time extension are needed, Port staff will request them at that time.

## Background

The Port Commission, at its meeting on May 17, 2007, authorized Port staff to award the construction contract for the Pier 35 Improvements Project to the lowest responsive and

**This Print Covers Calendar Item No. 10B**

responsible bidder, D.F.P.F Corporation dba Fine Line Construction in the amount of $1,407,496 plus a 10% contingency of $140,750, for a total of $1,548,246 (Port Commission Resolution 07-56). The Pier 35 Improvements Project consists of façade repair at the pier's historic bulkhead, restroom renovations and railing repairs.

During the design phase, Port staff and the Port's engineering consultant could not reasonably determine the full extent of the dry rot and pest infestation in the structural framing members supporting the façade, since much of the framing was either inaccessible or concealed. Also Pier 35 is a contributing historic resource within the Port's Embarcadero National Register Historic District, which mandates conformance with the Secretary of the Interior's Standards for the Treatment of Historic Properties as part of the project. The historic status of the pier, the location of existing interior electrical equipment and conduits, as well as tenant occupancy and continuous cruise ship operations mandated special care and lead Port staff to minimize any destructive demolition to investigate conditions prior to the construction phase. Using the experience from other similar projects as a guide, such as the repair of the historic façade of Pier 3, the project design team anticipated localized dry rot damage in the lower portion of the structural members. The limited access to Pier 35 façade resulted in an estimated quantity of dry rot damage that was substantially less than actually discovered during the pending construction work.

Once demolition of the façade plaster started in the construction phase, providing greater access to structural members, the Port engineering staff discovered extensive dry rot and pest infestation damage in the structural members, beyond the amount that was anticipated in the design and bid phase of the project. The amount of damage discovered at Pier 35 greatly exceeds previous repair work and damage investigation findings for similar buildings. Due to the safety hazards posed by the extent of structural damage in the façade, Port engineering staff have determined that the amount of the historic façade plaster to be removed must be increased by 50% to allow for greater access to replace the damaged support members and maintain the structural integrity of the building. This new work requires changes in the construction means, methods and approach to the work while demolition and construction is underway. This additional work results in additional cost to the construction contract, and additional design services by the Port's as-needed engineering consultants. The historic status requires careful demolition and replacement of materials, which also impacts the means and methods used by the contractor and increased cost compared to construction on non-historic buildings.

The façade repair constitutes approximately 95% of the contract modification amount; the remaining 5% of the contract modification cost is allocated to replacing rusted metal studs found during demolition on the first floor restrooms, and additional power required for restroom heaters. Port staff are in the process of negotiating the final cost of this contract modification. To proceed with the required additional work Port staff request authorization to increase the contract amount by $583,450. Port staff recommends an additional $116,190 contingency allowance (20% of $583,450) if needed for further unanticipated conditions.

Since the contract modification is greater than 20% of the original contract amount, approval by Human Rights Commission ("HRC") is required. HRC staff have reviewed and approved this proposed contract modification.

**Funding:** The proposed new funding for Contract No. 2712 is summarized below:

| | |
|---|---|
| Current contract amount: (Base Bid plus Alternates A1 and A2) | $1,407,496 |
| Change Order #1 | $26,758 |
| Change Order #2 | $76,131 |
| Change Order #3 | $76,562 |
| Change Order #4 | $403,999 |
| Total Additional Change Orders to date | $583,450 |
| Total Required Funding | $1,990,946 |

Currently, the available authorized funding for this project is $1,548,246. The required additional amount of $442,700 ($1,990,946 minus $1,548,246) will be funded from the Port Pier Repair Fund (CPO 741) and the ADA Fund (CPO 680). The amount of $420,565 (95% of the contract modification) will be funded by the Port Pier Repair Fund (CPO 741) and $22,135 (5% of the contract modification) will be funded by the ADA Fund (CPO 680). The contingency will be funded from the Port Pier Repair Fund (CPO 741) if required.

**Schedule**

In addition to the request to increase the contract amount and scope as described, the Port staff recommend extending the Contract substantial completion date by 10 additional days. These additional days in the construction schedule are needed for the additional scope of work while working around the constraints of the cruise ship schedule.

The cruise ship operations require that no construction occur on site one business day before and after a vessel berth. This construction limitation impacts the schedule of the additional work. Additional days may be required. To expedite construction of the additional façade work, Port staff are exploring the possibility of using Pier 27 for berthing cruise ships when the cruise schedule resumes in March. The first cruise ship call to start the season is March 29, 2008.

At this time, the following is the proposed revised schedule for this project:

| | |
|---|---|
| Commission Authorization to Award | July 17, 2007 |
| Issuance of Notice to Proceed | September 10, 2007 |
| Current Construction Substantial Completion | March 17, 2008 |
| Revised Contract Substantial Completion Date | March 27, 2008 |
| Final Completion | April 26, 2008 |

**Summary**

Port staff request Commission authorization to execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, to increase the contract amount by an additional $583,450. Port staff also requests an additional 20% contingency of $116,690, and to extend the substantial completion date by an additional 10 days. This proposed contract modification will increase the existing contract amount of $1,407,496 to a not-to-exceed amount of $1,990,946 and to extend the existing substantial completion date from March 17, 2008, to March 27, 2008. Staff also recommend that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Wendy Proctor, Project Manager
For: Edward Byrne, Chief Harbor Engineer

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**
**RESOLUTION NO. 08-01**

WHEREAS, The design and construction of the Pier 35 Improvements Project is in progress pursuant to Port Contract No. 2712 with D.F.P.F. Corporation dba Fine Line Construction ("Contractor"); and

WHEREAS, The Contractor discovered unforeseen dry rot and pest infestation damage in the structural framing of the historic bulkhead façade of the Pier which was not anticipated during the design phase; and

WHEREAS, Due to the unforeseen structural damage, Port staff have determined that it is cost-effective and appropriate to modify Contract No. 2712 with the Contractor to expand the scope and extent of the dry rot repair of the structural members for the bulkhead façade and also include removal and replacement of the historic stucco by approximately 50% in quantity; and

WHEREAS, The existing authorized contract contingency of $140,750 is insufficient to compensate for this additional scope of work for dry rot repair and other change orders totaling $583,450; and

WHEREAS, To complete the work covered by the pending change orders and under Contract No. 2712, Port staff have determined that it is necessary to increase the amount of the Contract with D.F.P.F. Corporation dba Fine Line Construction, by an additional $583,450 and to extend the Contract substantial completion date by an additional 10 days, and

WHEREAS, The amount of the contract modification is greater than 20% of the original contract amount, and, therefore, the approval of the Human Rights Commission is required and has been granted; now therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to execute a contract modification to Contract No. 2712, Pier 35 Improvements Project, to increase the current contract amount by $583,450; and to extend the existing substantial completion date by an additional 10 days; and be it further

RESOLVED, That the Port Commission authorizes Port staff to increase the contract amount through subsequent modification or change order, if needed for unanticipated contingencies, by an additional $116,690 (20% of $583,450); and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to accept the work once it is complete.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

# MEMORANDUM

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney A. Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Informational presentation regarding the replacement a plaque honoring the American Merchant Marines, to be located on the east apron of Pier 45, located at Taylor Street and the Embarcadero Roadway.

**RECOMMENDATION:** INFORMATIONAL ONLY; NO ACTION REQUIRED

**Project Summary**
Prior to construction of The Embarcadero roadway during the 1990's, a bronze memorial plaque honoring American Merchant Marines who served in World War II was located on the waterfront at the foot of Folsom Street. The plaque was removed as part of the roadway construction and never replaced due to conflicts with other improvements in its previous location. The Memorial plaque is now proposed to be reinstalled on the east apron of Pier 45 between the USS Pampanito submarine and the S.S. Jeremiah O'Brien National Liberty Ship Memorial, both of which were active in World War II. Port staff is informing the Commission of this proposed location at Pier 45 because it differs from the earlier location anticipated by the Commission at the time the Embarcadero Roadway was being designed, which was to be near Piers 15-17 on The Embarcadero Promenade.

The plaque measures 30 by 36-inches and would be mounted on steel supports to be fabricated and installed by Port staff. The Golden Gate Chapter of the American Merchant Marine Veterans would enter into a license without fee with the Port to allow installation of the plaque. The American Merchant Marine Veterans would be required to indemnify the Port and be responsible for any liability associated with the plaque. The license would allow the Port to relocate the plaque or have it removed for any reason.

Prepared by: Dan Hodapp
Senior Waterfront Planner

**This Print Covers Calendar Item No. 11A**

PORT OF SAN FRANCISCO

# MEMORANDUM

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director M Moyer

**SUBJECT:** Request Approval to Execute Seventh Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project Extending the Term and Amending the Benchmarks (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Resolution No. 08-02)

**DIRECTOR'S RECOMMENDATION:** APPROVE ATTACHED RESOLUTION

**Background**

On March 14, 2006, the Port Commission approved the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC, whose members are Shorenstein Properties, LLC and Farallon Capital Management (hereinafter referred to as the "Developer") for a mixed-use recreation development with ancillary uses at Piers 27-31 ("the Project"). Under the terms of the Amended ENA, the Developer was required to submit certain documents and obtain the endorsement by the Port Commission of a revised Development Memorandum.

On October 24, 2006, the Developer submitted to Port staff its Development Proposal for the Site. It included the proposed plans, a development schedule, financial terms and strategies for obtaining a determination of trust consistency and regulatory approvals. The Development Proposal was presented to the Port Commission on October 24, 2006.

On December 12, 2006, the Developer made another informational presentation further outlining its ideas for the recreation program. At that time, based on Port staff's recommendations, the Port Commission extended the expiration date of the Amended ENA to February 28, 2007 and also extended certain Performance Benchmarks. This additional time was necessary to enable the Developer to submit revisions to its Development Proposal, for the parties to investigate a public financing structure for public portions of the Project and find a mutually-agreeable

**This Print Covers Calendar Item No. 11B**

solution to the larger-than-expected substructure costs, and for the Port and the Developer to negotiate an Amended and Restated Development Memorandum ("ARDM").

After further consideration, the Developer decided that additional time was needed to make the Project more consistent with the public trust doctrine and more appealing to the various stakeholders and constituents. The Developer therefore requested that further discussions take place with Port staff in order to determine whether the Project could be revised to include more trust-consistent uses and still be economically viable. The Developer requested extension of the Amended ENA and the Performance Benchmarks, which the Port Commission approved. Currently, the Amended ENA will expire on January 31, 2008 unless all of the Performance Benchmarks are satisfied by that date or the agreement is extended.

During the past several months, the Port and the Developer have been engaged in discussions to incorporate a cruise terminal at Pier 27, introducing a major trust use to the Project. We have been working to determine whether such a revised development plan is economically and operationally feasible.

The previous project concept submitted by the Developer contemplated occasional port-of-call berthing of cruise ships and other vessels at Pier 27 and the use of a portion of the Pier 27 shed for maritime support and, on non-cruise days, for recreational activities. The parties are now studying the feasibility of building a cruise terminal inside the Pier 27 shed and using Pier 27 as the Port's primary home-port cruise ship terminal facility. Pier 27 would then replace Pier 35 as the Port's primary cruise terminal, with Pier 35 providing a secondary berth for so long as Pier 35 is viable. The Pier 27 terminal could be used on non-cruise days for other functions such as corporate and special events, consumer trade shows or recreational activities. The Cruise Terminal Advisory Panel ("CTAP"), a Port-appointed ad hoc committee comprised of cruise industry experts and community leaders, has recommended that Pier 27 be designated as the most cost-effective alternative to become the Port's primary cruise terminal and has recommended that Port staff proceed to develop a schematic design and operations plan for a terminal at Pier 27. The Port Commission accepted the recommendations of the CTAP on September 25, 2007.

Port staff is requesting a four-month extension of the term of the Amended ENA to allow the Developer to finalize the plan and development concept for the Project, submit a pro forma with development costs and sources of funding, prepare any other documentation required under the original Request for Proposals, negotiate and draft with Port staff the ARDM and obtain the endorsement of the ARDM by the Port Commission. During this period the Port will be studying the amount of potential revenue it could expect to receive at Pier 27 from non-cruise activities.

Port staff hereby request approval of an extension of the term of the Amended ENA to May 30, 2008 and authorization for the Executive Director to execute the Seventh Amendment to the Amended ENA granting such extension. A copy of the Seventh Amendment is on file with the Commission Secretary.

**Amendment of Initial Performance Benchmarks**

As noted above, the Amended ENA provides that the term will automatically expire on January 31, 2008 unless all of the Initial Performance Benchmarks are satisfied by that date, including

approval by the Port Commission of a resolution endorsing the ARDM describing the Project and financial terms. Port staff recommend that a new schedule amending the Initial Performance Benchmarks be instituted as follows:

| # | **Benchmark** | **Recommended Amendment** |
|---|---|---|
| 1 | Proposed Plan of Development | Implement later through Benchmarks #8 and #11 |
| 2 | Schedule | New deadline of May 5, 2008 |
| 3 | Monthly Report | Allow quarterly reporting starting May 1, 2008 |
| 4 | Community Outreach Program | New deadline of May 5, 2008 |
| 5 | Trust Consistency Proposal | New deadline of May 5, 2008 |
| 6 | Regulatory Approval Strategy | New deadline of May 5, 2008 |
| 7 | Annual Budget | New deadline of May 30, 2008 |
| 8 | Active Recreation Operator | Continue temporary suspension until use program in new development concept is further defined |
| 9 | Port ARDM Endorsement | New deadline of May 27, 2008 |
| 10 | Weekly Meetings | Continue to require weekly meetings unless waived or rescheduled by the mutual agreement of the parties |
| 11 | Revised Proposed Plan of Development *(including revised use program, concept drawings, schedule of performance, financial proposal with pro formas, proposed changes to financial deal terms in the ARDM and related documents)* | New deadline of May 5, 2008 |

**Staff Recommendation**

Port staff request that the Port Commission (1) approve the four-month extension of the term of the Amended ENA to May 30, 2008; (2) approve the amendments to the Initial Performance Benchmarks as set forth above; and (3) authorize the Executive Director to execute the Seventh Amendment to the Amended ENA.

Prepared by: Jennifer Sobol
Project Manager
Planning & Development

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-02**

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its March 14, 2006 meeting, by Resolution No. 06-22, approved the terms of an Amended and Restated Exclusive Negotiation Agreement ("original Amended ENA") between the Port and SF Piers LLC, a Delaware limited liability company (herein the "Developer"); and

WHEREAS, The term of the original Amended ENA, as amended by the First, Second, Third, Fourth, Fifth and Sixth Amendments (the "Amended ENA"), expires on January 31, 2008, and the Developer has requested an extension of the Amended ENA term to May 30, 2008; and

WHEREAS, Port staff and the Developer wish to further amend the Amended ENA to amend the Initial Performance Benchmarks, all as described in the Memorandum to Port Commissioners dated January 10, 2008 for Calendar Item No. 11b (the "Staff Report"). Copies of the Seventh Amendment to the Amended ENA reflecting these revisions and the Staff Report are on file with the Commission Secretary and are incorporated herein by this reference; and

WHEREAS, Port staff recommend to the Port Commission that it extend the term of the Amended ENA to May 30, 2008, approve the Seventh Amendment to the Amended ENA, and authorize and direct the Executive Director to execute the same, in substantially the form on file with the Commission Secretary; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the extension of the term of the Amended ENA to May 30, 2008; and be it further

RESOLVED, That the Port Commission hereby approves amendments to the Amended ENA amending the Initial Performance Benchmarks, all as described in the Memorandum to Port Commissioners dated January 10, 2008 for Calendar Item No. 11b, as reflected in the Seventh Amendment to the Amended ENA on file with the Commission Secretary; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to execute the amendment to the Amended ENA (the "Seventh Amendment to the Amended ENA"), in substantially the form on file with the Commission Secretary, with the understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and the Developer during the exclusive

negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of documents in consultation with the City Attorney, as are necessary or advisable to effectuate the purpose and intent of this Resolution, so long as such actions and/or agreements do not materially increase the Port's anticipated obligations or decrease the Port's anticipated benefits and are consistent with this Resolution; and be it further

RESOLVED, That the Port Commission, pursuant to Section 7.2 of the Amended ENA, hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times for performance of the Initial Performance Benchmarks (as defined in the Amended ENA), including, without limitation, the right to condition such waiver or extension on additional Performance Benchmarks or other conditions required by the Port in its sole discretion, provided that such extension does not extend the term of the Amended ENA; and be it further

RESOLVED, That entering into the Seventh Amendment to the Amended ENA does not commit the Port Commission to approval of a final lease, lease disposition and development agreement or related documents, and that the Port Commission shall not take any discretionary actions committing it to the Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA).

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

# MEMORANDUM

January 9, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Rodney Fong
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer, Executive Director

**SUBJECT:** Request approval to increase budget by $300,000 and expand the scope of contract with Economic Planning Systems to support the Pier 70 Master Planning Process. (Resolution No. 08-03)

**DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED**


**Summary**
The Port is conducting a public planning process to produce a Preferred Master Plan for Pier 70, located east of Illinois Street between Mariposa Street and 22nd Street. The objective of the Plan is to rehabilitate and adaptively reuse significant historic structures, and integrate new development, shoreline open space and public amenities with the existing dry-dock operations. The Port has convened a series of public meetings to address the planning and development of the Pier 70 area, and have hired three consultant teams to assist this effort.

Port staff provided the Commission with an update on the Pier 70 planning process at the June 12, 2007 and December 16, 2007 Port Commission meetings. Since the original Contract Service Order (CSO), Port staff and the consultant teams have learned a great deal about the ultimate Master Plan product required to lead to a successful Pier 70 development project. In addition the Port has secured additional funds through a California Cultural and Historical Endowment (CCHE) to be used to further the Pier 70 planning effort.


**Background**
In October of 2006, the Port released a Request for Proposals (RFP) to its "as needed consultant pool" for assistance in the development of a Preferred Master Plan for the Pier 70 area. Therefore, this contract has met all of the City's standard contracting requirements including but not limited to Civil Service and Local 21 notice on competitive contracting competition. During the RFP process, it was determined that the established budget for the project was not sufficient and the consultants' scopes were modified to meet the limited

**This Print Covers Calendar Item No. 11C**

budget. Each of the four "as needed" teams submitted proposals and were interviewed for the project. The selection team including Port staff and representatives from the City's Planning Department and a community member unanimously selected the Economic Planning Systems (EPS) team. Port staff, including and a Human Rights Commission representative, worked with the EPS team to refine the scope of work and finalize the contract in the amount of $199,834 which occurred in February of 2007. The refined scope included an alternative work task, should additional funding become available. However, Contract Service Orders cannot exceed $200,000 without the Port Commission's approval through an adopted resolution granting explicit authorization.

**Overview**

It has been determined that in order to develop a Preferred Master Plan that is acceptable to the community and the Port and that is financially feasible, additional assistance by the Consultant team will be required. Some of this work was anticipated as a part of the initial scoping of the project, but funds were not available at the time of the contracting. Since the original contract was approved, additional funds became available through a grant awarded to the Port through the CCHE for planning in the Pier 70 area. A total of $300,000 in additional funding has been secured to further the Pier 70 Master Planning process. Modification to the existing Contract Service Order for this work essentially involves the addition of one task and expansion of the existing scope. The following briefly describes the additional tasks being considered and the consulting expertise required.

<u>New Task - Building Re-Use and Rehabilitation Cost Estimating</u>

A major component of a successful Master Plan for the Pier 70 area includes the adaptive reuse of a majority of the Historic Facilities within the Pier 70 area. Therefore, this task entails two components:

1. Identification of appropriate adaptive re-use opportunities for select historic structures.

2. The identification of actual costs for the various recommended re-use development opportunities. The Port requires the appropriate balance between new development and historic rehabilitation to support an economically viable Master Plan. The Port's existing cost estimates for historic rehabilitation were extrapolated from the Port's 10-year Capital Plan which projected the costs to provide an industrial core and shell and do not reflect the full cost that would be encountered if the Port or its development partners were to rehabilitate all or most of the historic structures at Pier 70 to accommodate new non-industrial uses.

In order to advance the cost estimating to a point that provides some reasonableness to the accuracy of the estimates, it has been determined that the Port requires the third party objectivity of an interdisciplinary consultant team. The Port anticipates a total budget not to exceed $100,000 for this additional task. It is anticipated that the interdisciplinary consultant team to perform this work would include a historic architect, structural engineer, a cost estimator, urban designer and market and financial feasibility analyst.

<u>Expanded Task - Master Plan Refinement</u>

In order to develop a Preferred Master Plan that meets the goals of the community and the Port and is financially feasible, a greater level of detail will be required than what was originally budgeted.

Additional tasks that are necessary include: 1) a more detailed analysis of the site massing, circulation and parking requirements; 2) development of preliminary design criteria for new infill development that is sensitive to the historic setting of the site; 3) testing of the market potential and disposition considerations for the area; 4) detailed programming of the adaptive re-use of the site; 5) continued coordination with the Historic and Environmental consultants; and 6) preparation of material for additional community outreach.

Because of the knowledge and experience gained through the work completed and the ongoing coordination with the larger consultant group (Historic Preservation and Environmental analysis teams), it is anticipated that the consultant team currently under contract would perform the task outlined. Using the team in place takes advantage of knowledge gained to date. The Port anticipates that the total budget for this task will not exceed $200,000.

**Contract Administration**
Under the terms and conditions of the Master Agreement for the as-needed consultant contract, each requires a minimum of 20% Disadvantage Business Enterprise, hereafter refereed to as Local Business Enterprise (LBE) subcontracting participation. Under the existing Contract Service Order, EPS has indicated LBE participation of 10%. The Port Commission has directed staff to maximize opportunities for LBE firms' increased participation on Port projects and specifically this project. As such, EPS is required to provide an opportunity for qualified LBE's to participate on this CSO modification to the maximum extent economically and professionally feasible.

In order to maximize DBE/LBE participation, the EPS team has requested that the Port allow it to add OLMN Structural Engineers, a Human Rights Commission Registered DBE/LBE firm to assist in the cost estimating element of the proposed scope. If approved, this total contract would exceed the Port's goal of 20% participation for LBE firms. The contract would have an approximately 24% DBE/LBE participation, with the following breakdown of contract fees:

| | |
|---|---|
| • EPS/ Roma Design Group and other non-certified LBE | $381,011 (76%) |
| • Carey & Company, Martin Lee & Company, OLMN Structural Engineers, Greg Roja Associates and Seifel Consulting | $118,989 (24%) |
| TOTAL | $500,000 (100%) |

Port staff including the contract administrator and its Human Rights Commission representative have approved of this contract allocation proposal.

The additional $300,000 in funds for this additional scope include: $200,000 from the CCHE grant and a re-appropriation of $100,000 from GPO –552 from Planning and Development 2007/08 budget.

**Next Steps**
If approved, Port staff will work with the consultant teams to refine the expanded scope of services and amend the Contract Service Order. In addition, the expanded scope will require that the project schedule be updated to reflect the additional work program. Port staff is continuing to refine the Master Plan program based upon the Port Commission and community input and is targeting the next community workshop for March 2008. Port staff hopes to produce a Preferred Master Plan for Pier 70 in early summer 2008.

Submitted by: David Beaupre, Senior Waterfront Planner

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-03**

WHEREAS, The Port has initiated a community based Master Planning effort for the Pier 70 area that will identify a program to rehabilitate and adaptively reuse significant historic structures and integrate new development, shoreline open space and public amenities with the existing dry-dock operations; and

WHEREAS, the Port retained a consultant team to assist staff in this effort; and

WHEREAS, the Master Planning effort and consultant scope requires additional work, including cost estimating and site and development analysis refinement, to develop a plan that is successful and meets the goals of the Port and the community; and

WHEREAS, the Port has received a grant of $200,000 from the California Cultural Historical Endowment to further its Pier 70 Master Planning effort; and

WHEREAS, the Port will reallocate approximately $100,0000 in funds from GPO- 552; and

WHEREAS, Port staff working with the Human Rights Commission and its consultant team have maximized the use of Disadvantage and Local Business Enterprise participation in the contract; and be it

RESOLVED that the Port Commission authorizes staff to negotiate an amended scope of work and Contract Service Order not to exceed an additional $300,000 in budget for the Pier 70 Master Planning.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

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Secretary

PORT OF SAN FRANCISCO

**MEMORANDUM**

January 10, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request approval of placement and location of pedestal newsracks with advertising on Port property consistent with the Port's and Department of Public Works' Newsrack Agreement with Clear Channel Outdoor, Inc. (Resolution No. 08-04).

**DIRECTOR'S RECOMMENDATION:** APPROVE ATTACHED RESOLUTION

**Summary**
The following describes an existing agreement (the Agreement) between the San Francisco Department of Public Works (DPW), the Port and Clear Channel Outdoor, Inc. (Clear Channel), to install and maintain pedestal mounted newsracks in exchange for the right to display limited advertising on the newsracks on City and Port property. The attached resolution would authorize the locations for installation of newsracks on Port property.

**News Rack Ordinance**
The Newsrack Ordinance adopted by the Board of Supervisors in May, 2002, and the contract entered into in 2002 by the City, Port and Clear Channel, aim to reduce the amount of sidewalk clutter in many parts of the City associated with free standing news boxes by requiring fixed pedestal newsracks. Consistent with the Ordinance and the Guidelines Regarding Regulations of Newsracks, fixed pedestal zones were established within areas of the City with a high level of pedestrian traffic.

Pursuant to this Ordinance, the City and County of San Francisco entered into the Agreement in 2002 with Clear Channel to install newsracks, which was approved by former Port Executive Director, Douglas Wong. The following is a summary of major requirements and provisions of the Agreement:

- The term of the Agreement is for 20 years, beginning when the Newsrack Ordinance was adopted by the Board of Supervisors and signed by the Mayor in May, 2002.

**This Print Covers Calendar Item No. 11D**

- The Contractor shall install, operate and maintain up to 1,000 fixed pedestal units in fixed pedestal zones at locations as designated by the City (and Port). Advertising may be displayed on the back of the fixed pedestal units on 485 units located within the defined advertising zone.
- All fixed pedestal units shall be the property of the Contractor.
- The Agreement includes maintenance requirements and procedures for replacement of damaged units by the Contractor.
- The Contractor has no authority to determine where fixed pedestal units are located. On Port property, the Port Commission shall determine locations for all pedestal units.
- The Contractor has no authority to determine what publications shall be distributed from a fixed pedestal unit. The City (DPW) administers the permits for allocation of news boxes.
- The City shall use reasonable efforts to ensure that no freestanding news box be located within fifteen feet of any fixed pedestal unit.
- The Contractor must obtain a permit from the City (or Port) to install newsracks at locations identified by the City (or Port).
- Relocation or removal of any fixed pedestal unit on Port property shall be subject to review and approval of the Port Executive Director. The City may require that a maximum of two percent of units be relocated within a calendar year at the Contractor's expense. Beyond that, removal or relocation costs would be the City's or Port's responsibility.
- If a unit with advertising is removed, other than at the initiation of Contractor, the City shall provide an alternate location.
- Contractor may remove units without a permit if the cumulative total of all repair costs to the fixed pedestal unit in any given 12 month period exceed the total of Contractor's initial manufacturing cost of the unit.
- Contractor is required to provide proof of insurance to the City and is also required to post a performance bond.

In exchange for the Contractor's installation, operation and maintenance of the fixed pedestal units, the Contractor is allowed to display advertising according to the terms and conditions of the Agreement, of which the major provisions are summarized below:

- Advertising may be displayed on 485 fixed pedestal units within the defined advertising zone, which is bounded by Berry Street on the south, Polk Street on the west, and the San Francisco Bay on the north and east.
- Advertising shall be located on the backside of fixed pedestal units.
- Advertising may be backlit or illuminated at Contractor's option.
- The Contractor has the exclusive right to install, operate and maintain fixed pedestal newsrack units in the City during the term of the Agreement (20 years).
- The viewable copy area of the advertising must be less than eighteen square feet.
- No portion of the advertising may extend above the top edge of the fixed pedestal unit.
- Contractor is expected to use good judgment in accepting material for advertising. Contractor agrees to remove promptly, upon written demand by the Director of Public Works, or, the Port Director with regard to units located on Port property, any advertisement deemed to be objectionable, on stated grounds which shall be reasonable and lawful.
- Tobacco advertising is not permitted.

Fixed pedestal racks are available in 6, 8 or 10 box clusters, all of which are stacked in two levels of boxes for a height of about 4-foot 6-inches. The pedestal clusters measure 18 or 22-inches deep

depending on whether or not there is an advertising panel on the back side. The width ranges from 3.5 to 7-feet depending on configuration of 6, 8, or 10 box clusters.

The Agreement provides for the installation of 485 newsracks in the Downtown district, which would include advertisement space sold by Clear Channel. The Downtown district includes property under Port jurisdiction. The contract also provides for 515 more newsracks to be installed in various City neighborhoods outside of the Downtown. The Agreement was crafted in such manner to involve minimal cost to the City. Clear Channel is responsible for the installation and maintenance of fixed pedestal newsracks in exchange for receiving advertisement revenue from the Downtown units to justify their expenses. On Port property fixed pedestal newsracks would be installed in 25 locations. Each pedestal unit will remove approximately 6.75 free standing news boxes, with some locations receiving two or three fixed pedestal newsracks because there are more than ten existing news boxes existing at the location.

**Proposed Newsrack Locations**

The Agreement with Clear Channel is being administered by the Department of Public Works (DPW). To develop the list of proposed locations of news racks, DPW documented the location of existing news boxes and has recommended the number and size of fixed pedestal newsracks necessary to replace all free-standing news boxes in areas of heavy pedestrian use.

To be consistent with the rights of publishers to distribute news on public sidewalks, the City's newsrack program replaces existing freestanding news boxes at their current locations. On Port property along The Embarcadero, DPW has recommended 14 locations with a total of 19 fixed pedestal newsrack units. (Some of these locations have more than one newsrack due to the presence of more than ten news boxes at those locations.) In Fisherman's Wharf, DPW has recommended 11 locations with a total of 17 fixed pedestal newsrack units. The locations are listed and shown in the attached Exhibit A, all of which are within the defined advertising zone for fixed pedestal newsracks. Port staff have reviewed the DPW proposed locations and believe they will improve the quality of the waterfront environment by allowing greater pedestrian circulation, consolidating numerous freestanding boxes into compact fixed pedestal newsracks, and visually improving the areas by removing clutter.

In early 2006, Port staff presented an analysis of the Embarcadero Promenade to the Port Commission regarding the variety of user groups and functions on the Promenade, and in particular, addressing those uses which work well and where improvements could be made. The analysis divided the Promenade into three zones of use: a building edge zone adjacent to the building that could accommodate café tables and building entries; a circulation zone in the center for pedestrians and others traveling along the waterfront; and a street furnishings zone adjacent to the curb where light poles, litter receptacles, and signage are located. The street furnishings zone is also an appropriate location for newsracks because the amenity serves the general public and is not part of a particular business within a bulkhead building. All proposed pedestal locations along the Promenade are consistent with this analysis and are proposed within the street furnishings zone.

At the direction of DPW, the Contractor is seeking Port Commission approval of locations and an encroachment permit to install newsracks along The Embarcadero Promenade and in the Fisherman's Wharf area. The approval and permits for the Ferry Building area (where six such pedestal newsracks have already been installed) would be retroactive because the Contractor

overlooked the required permits and the need for Port Commission approval prior to installation of newsracks in that area.

**General Advertising on Port Property**
The Port's *Guidelines for Review and Approval of Signs & Murals*, Sec. V. C., state that General Advertising shall not be permitted on Port property, unless authorized by the Port Executive Director. By entering into the Newsrack Agreement with DPW and Clear Channel in 2002, the Port's Executive Director authorized the general advertising as described above, to be located on the back of the fixed pedestal racks.

**Applying for Use of News Racks**
Under the City's newsrack program, publishers must apply for a box space in fixed pedestal units. The City conducts an allocation and lottery whereby publishers obtain approval and pay a permit fee of $30 per year for each approved box space. Once a fixed pedestal is installed, publishers are notified by DPW to occupy the new boxes and to remove all free standing newsracks within 10 business days. Free standing racks are not allowed to coexist on sidewalks with fixed pedestal racks.

**Recommendation**
Port Staff recommend that the Port Commission approve the attached resolution, authorizing the placement of newsracks and associated advertising on Port of San Francisco property at the 25 locations (36 newsracks total) described above and as specified in Exhibit A pursuant to the existing Agreement with DPW and Clear Channel, and authorizing the Executive Director to approve future modifications, as necessary, to these locations in the same approximate location or vicinity, as provided for in the Agreement.

Prepared by: Dan Hodapp, Senior Waterfront Planner
Planning and Development Division

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-04**

WHEREAS, The San Francisco Department of Public Works (DPW), the Port, and Clear Channel Outdoor, Inc. ("Clear Channel"), entered into an agreement (the "Agreement") in 2002, to allow Clear Channel to install and maintain pedestal mounted newsracks in exchange for the right to display advertising on the newsracks on City and Port property; and

WHEREAS, On May 4, 2002, the San Francisco Board of Supervisors adopted Ordinance No. 100-07, which regulates the placement and maintenance of newsracks on City sidewalks (the "Newsrack Ordinance"); and

WHEREAS, The Newsrack Ordinance adopted by the Board of Supervisors and the Agreement entered into by the City, Port and Clear Channel, aim to reduce the amount of sidewalk clutter associated with free standing newsracks by requiring fixed pedestal newsracks in many parts of the City instead of individual free standing racks; and

WHEREAS, The Agreement requires the location of newsracks placed on Port property to be approved by the Port Commission; and

WHEREAS, DPW has proposed locations for the placement of 36 pedestal mounted newsracks at 25 locations on Port property, as shown in Exhibit A of the staff memorandum accompanying this Resolution, based on the existing locations of individual news boxes; and

WHEREAS, The Port staff and Port Commission have reviewed these proposed locations for pedestal newsracks, and believe they will improve the quality of the waterfront environment by allowing greater pedestrian circulation, consolidating numerous freestanding newsracks into compact fixed pedestal units, and by visually improving the areas; now, therefore, be it

RESOLVED, That, the San Francisco Port Commission hereby approves the placement of newsracks and associated advertising on Port property at the locations shown in Exhibit A attached to the staff memorandum accompanying this Resolution, pursuant to the Agreement, and further authorizes the Executive Director to approve future modifications, as necessary, to these locations in the same approximate location or vicinity, as provided for in the Agreement.

***I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of January 15, 2008.***

_____
Secretary

# SAN FRANCISCO
# PORT COMMISSION

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## JANUARY 15, 2008
## MINUTES OF THE MEETING

DOCUMENTS DEPT.

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**MEMBERS, PORT COMMISSION**

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. RODNEY FONG
HON. MICHAEL HARDEMAN
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR**
**AMY QUESADA, COMMISSION SECRETARY**

# CITY & COUNTY OF SAN FRANCISCO
# PORT COMMISSION

## MINUTES OF THE MEETING
## JANUARY 15, 2008

### 1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon, Rodney Fong, Michael Hardeman and Stephanie Shakofsky.

### 2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

### 3. APPROVAL OF MINUTES - December 11, 2007

The Commission Secretary announced two changes to the minutes of the meeting, per Commissioner Hardeman. On page 24 of the minutes, third line from the bottom of the page, 55,000 should be changed to 5,500. On page 40, 15th line from the top of the page, the word ethnic should be changed to ineffectiveness.

ACTION: Commissioner Hardeman moved approval of the minutes as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the December 11, 2007 meeting, as amended were adopted.

### 4. PUBLIC COMMENT ON EXECUTIVE SESSION

Richard Jacobs, Hornblower Cruises & Events Vice President and General Counsel, indicated that upon joining Hornblower staff, one of the first things he did was to review the dispute between the Port and Hornblower over Hornblower's applications for temporary signage for Alcatraz Landing at Piers 31½ and 33. Thereafter, he contacted Robert Bryan, the Port's Legal Counsel, and requested a 90-day extension of the statute of limitations for any litigation challenging the denial of those applications. In his view, they ought to be able to resolve those issues short of litigation. He'd like to use the 90 days for that purpose. Hornblower has been planning permanent improvements at Pier 31 and Pier 33 as part of the Alcatraz Ferry Services. He provided Port staff the National Park Service's January 2nd approval of those plans along with other materials. They'd like to use that same 90 days to talk to Port staff about the permanent improvements with a goal of reaching agreement. He hopes that the Port Commission approves the requested extension.

## 5. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:10 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.
Number of potential cases: 1 As Defendant

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of California, State Lands Commission, et al.(San Francisco Superior Court, Case No. CGC07-460994)

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

## 6. RECONVENE IN OPEN SESSION

At 3:17 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Commissioner Brandon announced that the Port Commission authorized the City Attorney and/or the Executive Director to enter into an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County of San Francisco based on the City and County's disapproval of building permit application numbers 7564 and 7565 for the installation of signs on Port property at Piers 31-33 for a period of 45 days. Commissioners: Lazarus, Brandon, Fong, Shakofsky – Aye; Commissioner Hardeman No.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

**7. EXECUTIVE**

A. Election of Port Commission Officers.

ACTION: Commissioner Shakofsky moved approval to table this item; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

B. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Grand Opening of the Rincon Park Restaurants – Epic Roasthouse and Waterbar, the restaurants at Rincon Park, will be opening on January 27, 2008. The restaurants' designer is Pat Kuleto. The chefs are Jan Birnbaum and Mark Franz. The restaurants will officially open on January 27 and open to the public on January 28, 2008.

- Fifth Annual Fisherman's Wharf Crab Festival Celebration Dinner – The dinner will be held on February 7, 2008 at 6 p.m. at Fog Harbor Fish House at Pier 39. This year, the Crab Festival will recognize and honor the Scoma family of Scoma's Restaurant and as usual there will be silent auction. Tickets can be purchased through FishermansWharf@sbcglobal.net. The public is encouraged to contact the Port for more information.

- Municipal Fiscal Advisory Committee's Public Managerial Award Ceremony – The Municipal Fiscal Advisory Committee (MFAC) was founded over 30 years

ago under Mayor George Moscone as a select group of business representatives and community leaders committed to the idea of a fiscally responsible government in San Francisco. Through its members and volunteers, MFAC provides many hours of *pro bono* management and consulting services to the Mayor of San Francisco, saving the City millions of dollars in cost efficiencies and improved services. Through public/private collaboration, the Committee helps strengthen government's ability to manage operations, maintain essential municipal service and effectively manage revenues to provide for the present and future needs of San Francisco. Its services and resources benefit business, government and the community. The Port is lucky to have many of its staff having received that award over the years either as Port employees or employees of other City departments. This year, seven individuals and 17 teams were nominated and the selection committee selected four individuals and one team. Among the four individuals is Brad Benson, the Port's Special Projects Manager, who is being recognized for his vision and stewardship of the Seawall Lot Legislation SB 815 for which many in the Port Commission can also take credit. He is joined by Peter Acton, Maintenance Director at the Airport; Derek Chu, Budget Manager at Human Services Agency; Judith Klain, Director of Project Homeless Connect; and the 311 Team. The ceremony will be held on February 25, 2008 at 5:30 p.m. at the City Hall Rotunda. Tickets are $50 per person and can be purchased through MFAC.org. We are very proud of Brad Benson and she thanked him for all that he has contributed and looks forward to joining him in the celebration.

- Pier 33 Roof Project Completion – Port staff frequently seek Port Commission approval to extend the timeline or the budget of a construction project. Recently, staff completed a project under budget. The Pier 33 Roofing and Structural Repair project was an extensive project to upgrade the roof and the rain systems and other structural elements which included steel windows. The Port awarded $2.7 million to Best Contracting Services Inc. The work started in July 2007; 151 days later in December 2007, they completed the work at 88% of the contract amount or a savings of $324,000. They also exceeded their HRC participation goal of 15% by 1%, with a total of 16%. She commended Engineering staff, Wendy Proctor, Ed Byrne and others, who managed this project and extended the Port's gratitude to Best Contracting, Inc.

- Seawall Lot 337 RFP/Q Advisory Panel – the Port issued an RFQ for the development of SWL 337. The Port Commission had authorized the Executive Director to appoint an advisory panel that will participate in the review of the RFQ. The members of the panel are: David Baker of David Baker and Partners, an architect specializing in urban design and sustainable development; Robin Chiang of Robin Chiang and Company, a waterfront open space designer; Paula Collins of WDG Ventures, an economic development consultant and a developer; Ruth Gravanis, an environmental activist and a Commissioner on the Department on the Environment; Sarah Karlinsky, policy director of SPUR; Tony Kelly of the Potrero Boosters, a neighborhood stakeholder; Amy Neches, senior property manager of the San Francisco Redevelopment Agency; and John Rahaim, new

director of San Francisco Planning. It looks to be a technically proficient and professional group. Responses to the RFQ are due on February 14, 2008. We are planning to give our panel two weeks to absorb all the ideas and details and start to assist us in going to the next step with the hope that an item will be calendared at the second meeting in March to develop a short list for developers for an RFP and have the Commission select a developer by the end of summer.

C. Informational presentation on the As-Needed Professional Service Contracts – Fiscal Year 2007/08; 2nd Quarter Report for the Period October 1, 2007 through December 31, 2007.

Norma Nelson, Contract Manager, indicated that by way of background, the last quarterly report was presented to the Port Commission at its October 23, 2007 meeting. At that time, the Commission requested staff to expand the quarterly report to include all of the Port's contracting activities in addition to those required by the San Francisco Administrative Code. Section 14B of the San Francisco Administrative Code requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of LBE goals and their steps to ensure non-discrimination in our contracting activities against MBE/WBE/LBE.

The as-needed contracting activity report covers the second quarter, October 1, 2007 through December 31, 2007. The Port is making progress; however, the Port's goal in each of its twelve as-needed contracts is 20% of the total value of all contracts is to be awarded to LBE firms over the life of the contracts. The as-needed contracts total $8,650,000. Of that amount, thus far, the Port issued $2,765,192. In terms of LBE participation on those contract service orders, the Port issued $467,546 or 16.91%. The 16.91% reflect accumulative increase over the previous quarter's reporting activity. The summary and detailed achievements for each of the twelve as-needed consultant contracts are included as Exhibit 1 to the staff report. There are two firms that have exceeded the goal of 20% - CBRE Consulting and Weiss Associates.

New additions to the staff report which include all of the other contracting activity for the Port that has not been previously included. The Port's other contracting activities include general services contracts, construction contracts and other professional services that are issued either as a formal (in excess of $29,000) or informal contract (less than $29,00). In formal contracts, staff did an extensive outreach in publishing the advertisement of the solicitations to the public. There two general services contracts that the Port currently has of note: (1) janitorial services; and (2) unarmed security services. Both of those contracts require 20% of LBE participation. In the award of those contracts, the prime contractors have indicated that they would meet that goal. Unfortunately, with the unarmed guard security services contract, the goal has not been met at this time. However, Port staff has been working with the contractor to ensure that where there are deficits in meeting the LBE goal that will be made up within the next few months. There has been a request for substitution of the LBE firm and staff is working with the contractor in making sure that the goals are met and are caught up. They've agreed to do so.

In terms of other contracting activity, the only other major contract professional services that the Port has issued within this fiscal year has been the Pier 35 substructure pier repair project. As reported when the Commission awarded that contract, they exceeded the goal at 23%. The informal professional services contracts do not require LBE or other subcontracting goals because of the small dollar amount.

Under the construction services contracts, three have been awarded. The total of the LBE participation of all three contracts is 19.12%, which is under the 20% goal. We were not able to meet the goal for the Pier 52 boat launch project. However, HRC determined that the contractor made a good faith effort in doing so. Part of the problem with that particular project is it involves a lot of work over the water. The LBEs who were solicited for that work declined to work on the project. We were able to make up for LBE participation on other projects such as the Pier 35 Improvement Project and a little bit of the Pier 33 project, which we exceeded the goal.

The other as-needed construction services contracts consist primarily of fire protection and security services. These contracts are as-needed contracts that are made available so that in the event of the need for such services on a short order, we were able to get a contract on board right away. We were not required to have LBE participation goals on these contracts but we have applied a 20% goal. We have 11.66% participation on that contract even though there is no LBE participation required. All of the contractors that are listed are LBEs. That's 100% participation.

In terms of Information Technology contracts, a contract was issued to Xtech in the amount of $583,000. There was no LBE subcontracting on that contract but that the prime contractor is a San Francisco firm.

In terms of the steps to assure non-discrimination against MBEs and LBEs, the Port staff has adopted standard procedures to ensure that we request advisory participation goals from HRC and include that information in all of our solicitation documents. In addition, we will make available to project managers more precise information in terms of the actual professional disciplines or licenses of the types of firms that are available to do work so that they can match that with the type of work that becomes available. We are including that availability data in all of our advertisements. We do outreach through the MBE, WBE and LBE media. We do direct faxing and in some instances, personal phone calls, faxes, emails and snail mail. We do our best to make sure that we make the LBEs aware of all the opportunities. This is particularly the case of some of the micro LBEs set aside contracts we've been engaged in. We've recently side aside a particular contract just for LBEs to compete for that work exclusively which is authorized under the 14B Ordinance. We are also looking at the actual scope of work and solicitation documents to make sure that the qualification requirements do not represent any type of unnecessary barriers that would preclude MBEs and LBEs from participating on a contract.

Commissioner Brandon indicated that looking at the numbers for the first two quarters of this fiscal year, we've outperformed what we did in total last year. We are

making great efforts and she thanked all Port staff for stepping up in trying to continue to accomplish these goals.

**8. CONSENT**

The Commission Secretary announced that Item 8B will be taken out of the Consent Calendar so staff can present the changes to the resolution.

A. Request approval of Lease No. L-14487 for 745 square feet of office space, 386 square feet of mezzanine storage space, and 36 square feet of office storage space with United Video, Inc. at the Agriculture Building, 101 The Embarcadero, Suites 119, 120, 121, 122 and 116 A, and the Mezzanine. (Resolution No. 08-05)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 08-05 was adopted.

B. Request authorization to apply for, accept and expend $3,660,000 in Proposition 1B Grant Funds from the California Office of Homeland Security for security improvements at the Port of San Francisco. (Resolution 08-06)

Monique Moyer, Executive Director, indicated that staff discovered an error in the resolution. This is a grant issued by the State of California Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. They are requiring that the Commission adopt a resolution prior to any application. In other words, acceptable application must include that resolution. That has put us in an interesting position because typically we have the grant language before we come to the Commission. In any event, we are anticipating that the grant like other State departments will include a language requiring that the Port indemnify the State and in the resolution, we have asked for that approval from the Commission to enter into a grant agreement but we mistakenly said that such a delegation of authority to the staff would be at the concurrence of the Risk Manager and the City Attorney. The City Attorney's office, as a practice, does not grant approvals on indemnification. So rather than have a resolution with the standard we can never meet, we propose to remove the language in the second resolved clause. So the resolved clause would read: RESOLVED, that the Executive Director or her designee is hereby authorized to indemnify the State for liability associated with the Project to the extent approved by the City's Risk Manager, if required by the granting agency.

ACTION: Commissioner Hardeman moved approval of resolution as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 08-06 was adopted.

**9. MARITIME**

A. Informational presentation regarding proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office

space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78.

B. Informational presentation regarding proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250.

Mr. Peter Dailey, Deputy Director of Maritime, indicated that the Bar Pilots have been in San Francisco since 1850. In 1989, the Port and the Bar Pilots executed a 20-year lease where the Bar Pilots took over an unimproved warehouse at Pier 9 and made significant improvements including construction of an office, dispatch and member accommodations. The 1989 lease terms reflect the unimproved condition of the premises at the time of lease commencement. The Bar Pilots currently pay the Port approximately $29,000 monthly for these premises. The Bar Pilots have approximately 23 months remaining on this lease which expires on December 31, 2009. The Port and the Bar Pilots have been negotiating the lease since 2006. The goal is to enter into another long-term lease with the Bar Pilots in San Francisco. The reason we want to start now was replicating that type of operation is not an easy task. It's relatively complex in terms of maritime operations and like facilities on the bay are hard to come by.

In 1992, the Bar Pilots and the Port entered into a settlement agreement to resolve a dispute with regard to repair of the apron and fenders at Pier 9. The 1992 agreement was a cost sharing arrangement between the Port and the Bar Pilots to make the necessary repairs. The Port provided the labor and some materials and the Bar Pilots provided cash contributions for the repairs. The previously repaired apron has been deemed in need of further repair. There's another $700,000 of work that needs to be done. We thought it was done in 1990 but whatever reason, it wasn't and it needs to be completed again for that apron to be used. In the last month, we've kicked started the negotiations again with the Bar Pilots and he is in daily communication with Captain Peter McIsaac, the president of the SF Bar Pilots, to hammer this deal. We made progress since the last time this item was discussed with the Commission. We do not have a signed deal yet but we're both dealing in good faith and are making daily progress towards the resolution of this deal. It's our anticipation that we will have this deal done as consent items at the February 12, 2008 Commission meeting. Based upon the basic business terms outlined in the staff report, this will bring their monthly rent close to $100,000 a month. The lease updates will have all the new City requirements and the new environmental compliance regulations. The settlement agreement essentially solves this issue. This time, however, the Bar Pilots would contract with an outside contractor to do the work. They would sign off on that work and there would never be a question in the lifetime of the new lease as to how we go forward. They would have a contractor do it. They would be responsible for the management of that contract. There had been some concerns about how this had been progressing. He is confident that with new communication lines we've established

with the Bar Pilots that would not be an issue. If we can't come up with a deal, it's because we can't come up with it and it's not because of any hidden agenda or communication lags. He is very confident we are going to do it. Capt. McIsaac and he spoke this afternoon. They are on point to get these items back to the Commission in February so they can have a lease with the Port for another 20 years.
Commissioner Hardeman asked if they have replaced the Bar Pilot that was involved in the oil spill. Mr. Dailey replied that he is on administrative paid leave. He is not working but he is getting paid. Admiral Frank Johnston, who this Commission honored upon his retirement from MARAD at the last Commission meeting, has been appointed by Governor Schwarzenegger to serve on the Port Harbor Commissioners Board. There is a good man who is going to be a leader of the Harbor Commissioners Board and if anybody could get to the bottom of what happened, he can.

**10. ENGINEERING**

A. Quarterly Project Update for the Illinois Street Intermodal Bridge Project.

Kim von Blohn, Project Manager, indicated that this project is being built by two different contractors. The north approach and the bridge are being built by Shimmick Construction Company. The south approach is being built by Stacy & Witbeck. The project was split into two pieces because of funding requirements for the south approach. The north approach and the bridge were substantially completed at the end of October 2006 with the exception being minor punch items and the integrated testing of the bridge control system. Since that time, vandalized wire has been replaced and lockable pull boxes have been installed. Recently, PG&E energized the train control systems and the street lights. The primary issue with this contract is that the control system testing and training of the Port personnel cannot be achieved until the south approach is energized and completed. Once the testing program starts, it would take approximately two months including the training session. Pending PG&E's efforts, we should be finished testing by the end of March. He showed pictures of a confluence of unforeseen underground utilities on the south approach. He reported in May that we've encountered these problems. This particular location is underneath where the train track curves into the new Amador Street spur. In the middle of the picture is a 16-inch water line; to the left is a high pressure gas line. Underneath are two 12KV power cables. Underneath all of that was a 24-inch fuel oil line owned by PG&E. In order to mitigate the exposure of these utilities, the 24-inch fuel line had to be removed by PG&E because it's underneath all the other pipes. The 16-inch water line was lowered and sleeved. On top of all those utilities, we built an underground bridge which span over and alleviated the load on top of the utilities. Since this picture was taken, the unforeseen underground utilities have been rerouted and/or protected. The railroad track work has been completed and the entire track system is now connected. He showed a picture of the first rail car delivered along the new Amador Street spur to Darling International. The picture was taken in December. The roadwork has been completed with the exception of a small area where the auxiliary water supply system is still under construction. The street lighting and traffic control signal wiring has largely been completed with the exception of energization by PG&E.

There are a number of issues affecting completion of this project. The primary issue above all others is the energization by PG&E. They were scheduled to do the energization in December but they encountered some problems with the wiring they installed. They agreed to come back on Thursday, January 17, 2008. This morning they cancelled because their crews have been diverted for storm recovery work and they are scheduled to be back on January 28, 2008. We have no control over this situation. There's other problems but not as substantial as this. Muni has requested that the Port provide a new train control cabinet on Third Street. This project integrates with the Muni T-Line system. Unfortunately, they finished their system first. We are having to tie into an operating system. Their system controls Muni crossing the train tracks or the other way around. It ties into their draw bridge; it ties into the fire department. It ties into the traffic signals. We are then tying our rail line across the bridge on Illinois Street, traffic signals at Marin Street, traffic signals at Amador and Illinois Streets, all into their system. It's an interesting control system. We think we have that under control and with the construction of the new control cabinet, we should be in place. The overriding factor is the completion of the energization.

In summary, the project completion hinges upon the energization of the south approach. Once this is achieved, testing and training will take about two months. Therefore, if PG&E meets its end-of-January date, the bridge should be operational by the end of March. Port staff will seek Commission approval of the time extension and extra cost associated with these delays after the new completion dates are determined.

Commissioner Hardeman asked about the parking situation at the site, whether it has been concluded or finalized where there is going to be backing into parking spaces diagonally. Ms. Moyer asked if the Commissioner was referring to the Spencer warehouse at the foot of the bridge. David Beaupre replied that what the Commission is asking about is the proposed bicycle lanes along Illinois Street, the back-in reverse, angled parking. Because of a temporary stay on all bicycle improvements within the City, that project has been put on hold until adequate environmental review has been completed. Commissioner Hardeman commented that our parking lot has hundreds of spaces. He always back into a parking space because he likes to get out fast. He asked if we knew why most people don't back into a parking space. It's because 90% of the people in this parking place want their back-up light seen when they are backing out. In this situation, where we have all the trucks going down, there is a different look to a car coming out. You see those back-up lights when you're backing out. He wondered if anybody thought about that. The only reason he found out is he asked some people. Everybody pulls in all the time. They want their back-up lights seen when they leave the parking space. Mr. Beaupre indicated that you can still see the back-up lights. It's just when they are backing into the place. When the Department of Parking & Traffic was giving an overview of the project for the reverse back-in and angled parking, they've indicated that was safer upon pulling out because you can see the traffic that you're pulling out into. Commissioner Hardeman indicated that people will disagree with them when you ask them. He discovered that by asking. He thinks it's better to back in and pull out but other people disagree.

B. Request authorization to execute a contract modification to Contract No. 2712, the Pier 35 Improvements Project, with D.F.P.F. Corporation dba Fine Line Construction to increase the contract amount by an additional $583,450 and extend the Contract substantial completion date by an additional 10 days. (Resolution No. 08-01)

Wendy Proctor, Port Architect, indicated that it's generally known that Pier 35 is in poor condition. It's the intent of this project to make improvements for its continued use. While we are in the construction phase of this project, a greater amount of dry rot has been discovered than was anticipated during the design and the bid phase. It's necessary and effective to continue the additional scope of work as a contract modification to this current construction contract. There are two purposes for this construction modification: The first is to fund the approximately 50% increase of the dry rot repair. This reflects an increase to the cost associated with working on weekends to accelerate the construction schedule due to the work restrictions that are required by cruise ship operations which limit the contractor's access to the work area. The second is for additional contract time to compensate for the additional scope. With the increase scope and based on discussions with the contractor, the construction schedule is going to extend into the April cruise ship season. Port maritime has looked into berthing the ships at Pier 27 temporarily to accommodate this contract change. Port staff have now investigated access to the façade area to work on block-out days after cruise ship calls at Pier 35 which is garnering additional work days at the façade which will help accelerate that schedule. Port staff is currently negotiating a final contract modification amount with the contractor for an additional contract time and an amount while we are targeting an anticipated completion date of April 2008. At this time, we need to proceed with an additional scope of work in a timely fashion to make the best use of the open work days that we have in January and February. Port staff is recommending that the Commission authorize a contract modification to the Pier 35 improvements project with D.F.P.F Corporation dba as Fine Line Construction to increase the contract bid amount by $583,450 for a total of $1,990,946 plus an additional 20% contingency of $116,190 for a total of $2,107,136 and Port staff also recommend extending the contract duration by an additional ten days.

ACTION: Commissioner Brandon moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution No. 08-01 was adopted.

## 11. PLANNING & DEVELOPMENT

A. Informational presentation regarding the replacement of a plaque honoring the American Merchant Marines, to be located on the east apron of Pier 45, located at Taylor Street and the Embarcadero Roadway.

Dan Hodapp, Planning and Development, indicated that prior to the construction of the Embarcadero Roadway during the 1990s, a 30-by-36-inch bronze memorial

plaque honoring the American Merchant Marines who served in World War II was located on the waterfront at the foot of Folsom Street. As part of that approval process, it was to be relocated on the Embarcadero in the Pier 15-17 area. Because of conflicts with parking and other transportation and other anticipated uses at Piers 15-17, it was never relocated at that place. The American Merchant Marines have requested that the Port find a home for it. Staff is proposing to install the plaque on the Pier 45 east apron, between the Pampanito and the Jeremiah O'Brien, two World War II memorial pieces. It does not require Port Commission action but because we are changing what was part of a BCDC approval or understanding at the time, we wanted to inform the Commission of this change at this time.

Walter Vestnys, Merchant Marines Veterans, indicated that they are making the request. However, this involves all the maritime trades, the teamsters and the longshoremen. They think of this as a memorial. There were other plaques and flags. The location would represent all the maritime trades and the longshoremen and the teamsters. It would be like a museum. They expect a lot of material from the other trades. They have an anchor, the chain and other materials. The maritime trades will also want it. It's a perfect place for a museum. They walk right by the submarine down to the Jeremiah O'Brien. Tourists will also get to see these things. They would appreciate if the Port Commission assign someone that can work with them and can do it right away. They are years behind on this project. It changed hands and people have left and they've been put in the back burner. All the old guys passed away and he'd like to see this museum or plaque put in place. It has taken a lot of time and they don't know who to deal with. Dan Hodapp does not have a horse power. He has to go up to the next person. A year later, they get to the top person and they put it on hold and so another year goes by. They are talking about making this for them and for the future. This used to be a tremendous maritime area. All the piers were full. Nothing is here now. They want to create or bring it back to life and put a museum at that location. In Dan's report, he only mentioned the plaque. They are also talking about other things. The anchor is heavy enough that they will need a forklift to unload and place it. He asked the Commission to consider their request.

Frank Mendez indicated that his concern was that when they met with Dan Hodapp last year, he told them that they could not get Pier 15-17-19 because of cost. Pier 45 would be a likely site. They had a flag at the old site. They asked if they would be able to put that flag up. Mr. Hodapp said it would be impossible. They asked if they could get an anchor to go along with their plaque. Mr. Hodapp replied that is acceptable. When listening to his proposal, there is no mention of the anchor, just the plaque. They already purchased the anchor and they have a plaque on that anchor. The anchor will have the Golden Gate Chapter and would like to know what could be done with the anchor.

Harold Wagner, newly elected president of the Golden Gate Chapter of the American Merchant Marine Veterans, indicated that the two gentlemen had done a lot of work in the past. The anchor was donated by Red Oak Victory which he is a member. They are restoring the ship at the old shipyard in Richmond. Anything that the Port could do for them, they would appreciate it and they would like it to be a permanent

museum piece just like the Red Oak Victory, to leave something for our future generations.

B. Request approval to Execute Seventh Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project Extending the Term and Amending the Benchmarks (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets). (Resolution No. 08-02)

Jennifer Sobol, Planning and Development, requested the Commission to approve an extension of the ENA with SF Piers LLC for the Piers 27-31 project. The expiration for the ENA is January 31, 2008. Staff is seeking a four-month extension to May 30, 2008. This will allow time for the developer to continue to work on its plans and to meet wit the Port to develop operational and economically feasible plans for the Piers 27-29-31 project. It's our intention and hope that they will present their new revised development concept and their pro formas and all other required documentation. We are also seeking amendment of a benchmark deadlines in the ENA such that they would present all these information on May 5, 2008 prior to the new expiration date. Ms. Sobol requested the Commission's approval of the extension and the amendment of the deadlines as set forth in the staff report.

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution No. 08-02 was adopted.

C. Request approval to increase budget by $300,000 and expand the scope of contract with Economic Planning Systems to support the Pier 70 Master Planning Process. (Resolution No. 08-03)

Mr. David Beaupre, Planning and Development, requested Commission's approval to increase budget by $300,000 and expand the scope of contract with Economic Planning Systems to support the Pier 70 Master Planning Process. For the last year, the Port has been working to develop a Preferred Master Plan for Pier 70 Site area. Since then, we've held two community workshops in July and November and given updates to Commission in June and December. The process has provided a great deal of understanding of necessary Planning Process and additional resources required to complete the process. Port staff have secured additional funds through a grant for $200,000 from California Cultural and Historical Endowment and a re-appropriation of $100,000 from the Planning and Development 2007/08 budget.

In October 2006, the Port released an RFP to its previously approved as-needed pool of consultant teams. All four teams submitted proposals and were interviewed. Throughout that process, they identified there was a lack of adequate resources at the time, but developed proposals accordingly. Each team was interviewed with a diverse interview panel and the EPS team was unanimously selected. The existing contract has met all the City's standard contracting requirements. The initial budget and scope was for $200,000. Budgets exceeding $200,000 require Commission approval.

The additional scope that we are including for the $300,000 includes: Refine Cost estimates for the historic adaptive re-use of Historic structures and refinement to the Master Plan. For this contract and the expansion of the scope, we've indicated that it provides an opportunity for the consulting team to expand on its DBE participation which is now identified as Local Business Enterprise (LBE). The terms of the agreement for the as-needed contract is to meet a total of 20% LBE participation as part of the total contract package for each of the pre-approved consultant teams. As part of the initial Pier 70 scope for the master planning efforts, we did not reach that goal. We had a total of 10% but we had the entire range of the contract to meet the 20% goal. Port staff directed the consultant team, EPS, to take advantage of this expanded contract opportunity and try to meet or exceed the LBE participation as a part of this contract. The EPS team requested that they expand their contract team to include OLMN Structural Engineers as part of the cost estimating work and adding them to the team. OLMN is a certified LBE firm. As part of the expanded $300,000 contract, 33% of which will go towards an LBE registered firm. Part of the total contract package for EPS, which is a $500,000 contract, 24% of that total contract will be to LBE subconsultants. It's important to recognize that as we start to look at the entire consultant work for the Pier 70 area what the LBE participation is. They include the EPS team for the master planning; Treadwell & Rollo for the environmental review and Carey & Company for the historic analysis. The total contract amount is $875,700 with the LBE participation at $353,989 for a total LBE for the Pier 70 as 40%. The scope for the expanded EPS contract indicates that we're hitting the 24% goal. It was important to recognize that out of all the work that Planning and Development is doing in Pier 70, we're at a 40% although the City does not necessarily count in their accounting system, the Carey & Company historic preservation work towards the LBE goals because they are the lead contract and not a subcontract. If approved, the next steps for the Pier 70 Master Planning process will include:

- Revise Concept based upon Community input received in November 2007
- Refine Historic Preservation Criteria based on the input received
- Develop new infill development Criteria adjacent to the historic buildings
- Refine Adaptive Re-use opportunities for the historic structures
- Refine Cost Estimates as discussed
- Present Draft preferred Master Plan to Community in late March
- Complete Preferred Master Plan in late spring, early summer 2008

ACTION: Commissioner Brandon moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; Resolution No. 08-03 was adopted.

D. Request approval of placement and location of pedestal newsracks with advertising on Port property consistent with the Port's and Department of Public Works' Newsrack Agreement with Clear Channel Outdoor, Inc. (Resolution No. 08-04)

Dan Hodapp, Planning and Development, indicated that the Department of Public Works, the Port and Clear Channel Outdoor, Inc. entered into an agreement in 2002 to allow Clear Channel to install and maintain pedestal mounted news racks in exchange for the right to display advertising on the news racks on City and Port property. On May 4, 2002, the Board of Supervisors adopted an ordinance (100-07) which regulates the placement and maintenance of news racks on City sidewalks. Since 2002, there have been a number of challenges to the ordinance. Those have been resolved. The program is now being implemented. The goal of the news rack ordinance is to reduce the amount of sidewalk clutter associated with free standing news boxes and require fixed pedestal news racks. The City, Port and Clear Channel agreement requires the location of the news racks placed on Port property to be approved by the Port Commission per the resolution attached to the staff report. DPW has proposed locations for the placement of 36 of the pedestal news rack clusters at 25 locations. Some locations have more than one news rack based on the number of boxes that are currently at those locations. Exhibit A of the staff report accompanying the resolution shows the locations of those. The pedestal mounted news racks are largely in the fisherman's wharf area up and down Jefferson Street at a number of locations and the Ferry Building area as well. The news boxes in the Ferry Building have already been installed. They were done prior to this resolution and the agreement as DPW and Clear Channel were not aware of the requirement to obtain Port Commission to do this so it will be a retroactive approval. Staff have reviewed the proposed locations for pedestal news racks and believe that they will improve the quality of the waterfront environment by allowing greater pedestrian circulation, consolidating free standing news racks into compact fixed pedestal units and by visually improving the areas. The advertising on the back is general advertising which is generally not permitted on Port property. However, there was an allowance in the Port Sign Guidelines that allows the Executive Director to permit general advertising. When the Executive Director entered into this agreement in 2002, he authorized the general advertising to be located on the back of the fixed pedestal racks.

Commissioner Fong asked what happens to publication boxes, racks that currently exist that don't fall into one of the 6 or 8 slots. Grace Moore, DPW and a member of Clear Channel, replied that they conducted a survey at these locations that they will be putting the pedestals in and the survey tells them who has historic presence. They are automatically going to get a spot because this is an exchange program for the free standing rack, they will give them a nice fixed pedestal. There is a lottery that occurs to the other boxes. That happens whenever they establish a zone. Within ten days after installation, the free standing racks have to be removed. They cannot co-exist on the sidewalks with the fixed pedestals but there are some exceptions. As the racks are installed, they must be removed.

Commissioner Fong asked what the exceptions are. Ms. Moore replied that they've recently had some issues with the inventory. Clear Channel has had some slow boats from China coming in with their inventory. They cannot require publications to move their free standing racks if they are not identified on the new pedestal rack, which is what's happening on the Embarcadero. As the labeling comes in, as the trade dress is put onto the boxes, the fixed pedestal units, those other boxes will be removed.

Commissioner Fong asked if there is a clear violation and a free standing box next to the fixed pedestal ten days after it's installed, does DPW want to get a call to have that removed or tagged. Mr. Moore replied affirmatively.

Commissioner Hardeman asked where we found the nice looking, neat lined-up news racks. Ms. Moore replied that those are the survey he's looking at. Commissioner Hardeman commented that somebody should go out and inspect and make sure they are nice and orderly. Usually, they are disasters. There are at least three or four very suggestive, bad taste advertisement on them. He's glad to see all the junky looking stuff out of there. He hopes they get to the West Portal.

Commissioner Fong indicated that this has been a long awaited program to hit Fisherman's Wharf. Many of the merchants in the area are excited to have some sort of organization and it will eliminate some of the visual garbage in the area. Ms. Moore indicated that Mayor Newsom is in support of this program. He had a press conference in July 2007 and he helped accelerate the installation of these racks. There are approximately 500 racks currently installed.

Ernestine Weiss indicated that this is important to her because she was instrumental in getting all the old news racks off Market and Drumm Streets. There is a notice on the light fixtures that they would pick up the old ones prior to December 31, 2007. At this date, they are still on the street. They should be picked up. Everything should be done. The company should pick them up and they ought to be destroyed.

Ms. Moore indicated that if the public has any question about a fixed pedestal or a free standing rack on the street, or if you're not sure if it should be there, they should give DPW a call. She can be reached at 554-5892. They will send out an inspector and give out a citation. They are given ten business days to respond after which they will cease the racks.

Drew Patterson, a publisher with the Rental Guide magazine 21 years ago and Bay City Guide a couple of years later, indicated that he was part of the rack committee for 21 years. Ms. Moore has done a wonderful job. She is the go-to woman to get this work done. Her hands at times are tied up by the slow ship from China. His only concern is that he has a lot of racks and he is part of the problem but he looks forward to the solution. One of the issues he feels the Port is faced with, which Commissioner Fong brought up, is that they did go through and rack or ped mount some at Fisherman's Wharf. One of the dilemmas they had which affected him as a publisher is that many of the racks did not have the stickers. Without having that sticker on the rack, the City does not allow the rack to be officially installed at which point, he does not receive a notice to remove all the other racks. If and when they are going through with more racks, he would recommend to the Port to say that we'll take your racks but have them totally ready to be installed so they can serve notice to the publishers to get their racks out of the way. Case in point, what's happened is they've installed all the new ped mounts but they have not been able to tell all the publishers to get off the street so his rack sits next to the new ped racks which makes more clutter. They kind of made the problem get worst. The problem has gotten worst rather than better in one

fell swoop. It's all on stickers. The program is marred in some place. Being a social person, he stopped and asked two guys that were screwing the handles back on because the parts are falling off, the windows are falling out. The guys told them that they are such in disarray they don't have a real order of what they are doing, how they are doing it. They're supposed to have an organized hit list of how they go about this but they kind of send them out whenever they need things. This is about three weeks after they installed it. The handles are literally falling off and the windows are coming out. It's a good program. It takes time to get things done. His recommendation is that they can't install until the stickers are totally on so that way Ms. Moore can give them ten days notice and they will get them off the street. Otherwise, there will be more clutter until the stickers arrived. A month later, they still don't have the stickers. It's not a big problem. He doesn't know why it's taking a long time to get the stickers.

Ms. Moore replied that in the last few weeks, they've had a shift in their management at the Clear Channel Outdoors. Catherine Carr is new with them. She and Catherine have been working closely on getting all the information she needs as far as the maintenance which includes stickers, repairs, etc.

Catherine Carr acknowledged that the sticker issue has been a problem and it may seem that it's easy to get stickers but it's not that easy as it sounds. They don't cost 5 cents; they cost $7 a sticker. $35 will go on every news rack to display the publishers. She and Ms. Moore have been working together. Clear Channel hired an additional three supervisors and management members to coordinate all of these and some of the transit street furniture products. She's confident that this will not be an issue moving forward. She just started on December 3, 2007. They are well aware of the problem and it's a staffing issue which has been taken cared off. They want to take those free standing news racks off the sidewalks too.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 08-04 was adopted.

## 12. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that staff had asked the Commission, with their gracious support of the schedule, to reserve January 29' 2007 in the event that we had a need for a second meeting in January. At the moment, we do not. We will not be calling a special meeting on January 29. As you look at the forward calendar, you will note that there is nothing listed for January 29. She thanked the Commission for making themselves available for the meeting. Our next meeting would be our standing meeting of February 12, 2008; that is the meeting where we will begin our public discourse of all the items related to the budget. That will be operating budget and the annual capital budget as well as our desire to talk about a policy for the use of the reserved funds. As you recall through the oil spill, we were surprised to learn that there were questions about that so we determined that a policy would be make sense so that we are all clear what the categories and directives would be. Staff will propose a policy and bring it back for the Commission's adoption at the end of the month so the Commission would have two opportunities to review it and be able to give

staff some direction. We also have an item on the calendar for the February 12, 2008 meeting which would be a public presentation by the Exploratorium of their latest plans. Recently, the Exploratorium made a public presentation to the community. We'd like that public presentation to be made to the Commission as well. We are also proposing to seek the Commission's authorization for a concrete batching plant at Pier 94 and to award the rock crushing contract which would be for the Specialty pile. There are two different locations and two different purposes. One would be to crush and remove the pile and the other would be to create a new long-term tenancy for a batching plant at Pier 94. Port staff was planning to bring an item forward at the next Commission meeting to have the first public discussion of SWL 351 and what public trust or non-public trust options there are for development of that parcel. There has been public discussion of that parcel in conjunction with the proposed development of 8 Washington but the Port has not, on its own, held any such discussions and we have not talked specifically about SWL 351 and our adjacent obligation to address Pier ½.

Commissioner Hardeman commented that back in 1994, the Commission was contemplating building an underground parking lot, approximately 350 spaces. The only reason they didn't proceed is we can't afford to do it and the return was not economically feasible. Here we are again; we have a proposal to do 350 spaces that the Port won't have to pay for.

Ernestine Weiss indicated that she's had an experience with an underground garage on Ferry Park many years ago. She defeated it because it was not the right place for it. Accessibility was crazy. Queuing of cars would be backed up down the south of market and beyond. On Embarcadero, you couldn't queue up cars. The same thing exists today. Washington Street is the worst place possible to have a garage. It's busy enough as an intersection. It's not 350 spaces, it's 520 spaces. It's not going to happen because they are going to have a parking study. She guarantees that it will not happen. It's impossible to build one at that corner. Piers 27-31 is going up, the Exploratorium, the Giants 2000 car spaces they are requesting. There will be no places for these cars. You have to come up with a shuttle program to take people down to Embarcadero. Everybody wants the ferry park because it's accessible to public transportation. We don't need 520-car garage.

## 13. PUBLIC COMMENT

Charlie Walker indicated that they've had several meetings about a place known as Fanatics located on Port property. They'd like to get a hearing about this item. They would like a place on the agenda as soon as possible to discuss the matter concerning the Fanatics. He understands that the Commission cannot address the issue unless it's on the agenda. Commissioner Lazarus replied affirmatively.

Derf Butler, proprietor of Fanatics, indicated that they recently lost the lease from the Port. There were two Commissioners that were on the Commission when they started the project. The majority of the people are not aware of what transpired over four years in order to complete the project. He is not bashing the Port or staff but he feels that they need to be put on the Commission agenda so that the Commission can instruct staff to do some kind of settlement with his company for what has transpired on this project. When they

responded to the original RFP, it was a 300-square foot deli or restaurant which was not operable because all the joists were cut and it was scheduled for demolition. His family came in and spent every penny they had - $1.5 million and built a brand new structure, not a tenant improvement but a brand new structure from the ground up. They lost the project because they did not pay their rent on time. He respects the Port's process but the fact of the matter is that the Port now has a building that is worth $2 or $3 million or more if appraised. At the end of the day, he lost a personal and income property and all of the money he and his family invested in the building. He would like to bring this matter to the Commission and hopes that the Commission understand that the Port staff should sit down with his family and negotiate a settlement that is fair and equitable to everyone.

**14. COMMUNICATIONS**

**15. ADJOURNMENT**

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 4:45 p.m.

PORT OF SAN FRANCISCO

# NOTICE OF CANCELLED MEETING

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**The following Special Port Commission Meeting has been CANCELLED:**

## JANUARY 29, 2008

**The Next Regular Port Commission meeting is scheduled on:**

## TUESDAY, FEBRUARY 12, 2008
## 2:00 P.M. – CLOSED SESSION
## 3:15 P.M. - OPEN SESSION

**The meeting will be held in the**
**Port Commission Hearing Room**
**Second Floor, Ferry Building**

**San Francisco Port Commission**
**Pier 1, San Francisco, CA 94111**
**(415) 274-0406**

DOCUMENTS DEPT.

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# SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Rodney Fong, Commissioner
Michael Hardeman, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

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## AGENDA
## TUESDAY, FEBRUARY 12 , 2008
## 2:00 P.M. EXECUTIVE SESSION
## 3:15 P.M. OPEN SESSION
## PORT COMMISSION HEARING ROOM, SECOND FLOOR
## FERRY BUILDING, SAN FRANCISCO, CA 94111

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.*

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1. **CALL TO ORDER / ROLL CALL**

2. **ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

3. **APPROVAL OF MINUTES** - January 15, 2008

4. **PUBLIC COMMENT ON EXECUTIVE SESSION**

5. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion)

         a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

            Number of potential cases: 1 As Plaintiff

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

b. Property: Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*San Francisco Waterfront Partners II: Simon Snellgrove

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Seawall Lot 351.

## 6. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## 7. EXECUTIVE

A. Election of Port Commission Officers

B. Executive Director's Report

- Report on the American Association of Port Authorities Cruise Conference
- League of Women Voters' Women Who Could be President Gala Reception – February 12, 2008 at City Club – 5:30 p.m. to 8:00 p.m. – Commissioner Kimberly Brandon, Honoree
- Commendation for Captain Pete Schembri
- Al Baccari plaque unveiling ceremony - February 19, 2008 at 4 p.m. at the Fishermen's and Seamen's Memorial Chapel

## 8. CONSENT

A. Request for Port Commission's Consent to proposed Sublease between Costarella Seafood L-13163 and Aloha Seafood, Inc. for a portion of the premises located at Pier 45, Shed D-6. (Resolution No. 08-07)

B. Request authorization to execute a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc. to increase the contract amount by $282,357 and to extend the substantial completion date to March 21, 2008. (Resolution No. 08-08)

C. Project Status Report for the Pier 52/54 Boat Launch Project, Contract No. 2713, with Dutra Construction Co., Inc.

## 9. FINANCE AND ADMINISTRATION

A. Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2008-09.

B. Informational Presentation on the Port's Proposed $7.6 Million Capital Project Budget Funding for Fiscal Year 2008/09.

C. Informational Presentation on Policy for Use of Annual Port Reserve Funds.

D. Informational Presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Year 2008-17.

## 10. PLANNING & DEVELOPMENT

A. Informational Presentation on the Exploratorium Project at Piers 15/17 on The Embarcadero at Green Street.

B. Informational Presentation on development opportunities for Seawall Lot 351 (The Embarcadero at Washington Street).

## 11. REAL ESTATE

A. Informational Presentation Regarding Port Staff and Advisory Panel Evaluation of Responses to the Request for Proposals for a Construction Materials Recycling Center for Seawall Lot 352 at Pier 94.

B. Request for Special Event Fee Reduction for the Classic Car Show for approximately 44,814 square feet of space at Pier 45, Shed A, from February 13 to February 18, 2008. (Resolution No. 08-09)

## 12. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation regarding Seawall Lot 337 development concept proposals (February 26, 2008)
  - Informational Presentation by the U. S. Coast Guard regarding the Cosco Busan response to the Oil Spill (February 26, 2008)
  - Request approval of the Port's Annual Operating Budget for Fiscal Year 2008-09 (February 26, 2008)
  - Request approval of the Port's Annual Capital Budget for Fiscal Year 2008-09 (February 26, 2008)
  - Request approval of Policy for Use of Annual Port Reserve Funds (February 26, 2008)
  - Request approval of the Port's 10-Year Capital Plan for Fiscal Year 2008-09 (February 26, 2008)
  - Request authorization to advertise for design and engineering consulting services for the Brannan Street Wharf public open space, to be located adjacent to the Embarcadero between Piers 30-32 and 38 (February 26, 2008)
  - Request authorization to enter into exclusive negotiations with Raisch/Norcal for a Construction Materials Recycling Center at SWL 352 (February 26, 2008)
  - Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78. (March 11, 2008)
  - Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250 (March 11, 2008)
  - Request to adopt permanent Street Performer Program on Port property (March 11, 2008)
  - Request authorization to issue Request for Proposals for a Concrete Batching Operation at Pier 94 (March 11, 2008)
  - Request approval to allow J.C. Decaux North America to relocate a public service kiosk from the south side of Jefferson Street between Leavenworth and Hyde Streets to the north side of Jefferson Street, approximately 40-feet east of Leavenworth Street (March 11, 2008)
  - Request authorization to advertise for the Demolition and Disposal of Port's Drydock No. 1 (April 8, 2008)
  - Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (April 8, 2008)

- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (Date to be determined)
- Request approval of an Amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)
- Request approval to accept and expend the 2007 Port Security Grant for security upgrades at the Port of San Francisco (Date to be determined)

## 13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

## 14. COMMUNICATIONS

Communications to the Port Commission from January 11, 2008 to February 7, 2008:

- From Derf Butler, Butler Enterprise Group, regarding Fanatics Sports Complex
- From Walter Caplan, Model A Ford Club of America, regarding Classic Car Show at Pier 45, Shed A, February 13 t o 18, 2008
- From the Potrero Boosters Neighborhood Association, copy of The Potrero Community Voice Newsletter
- From McCarthy & Schwartz, invitation to the 29th Election Day Luncheon honoring

Hon. Willie L. Brown, Jr. and celebrating the publication of his autobiography, on February 5, 2008 at the California Culinary Academy

- From Port staff, copy of an article from *Cruise Industry News*, entitled "West Coast: California Dreaming"
- From Port staff, copy of an article from *Seatrade Cruise Review*, entitled "Expansion in Sight"
- From Port staff, copy of an article from *Lloyd's Cruise International*, entitled "San Francisco Floating Drydock to be Upgraded"
- From Port staff, copy of an article from *Even Keel*, the official newsletter of the Cruise Line Industry, entitled "Cruise Industry Creates Safety Forum"
- From Port staff, regarding Seawall Lot 337 New Off-Street Parking Occupancy Calculations
- From Gabriel Metcalf, SPUR Executive Director, regarding Warm Water Cove
- From Port staff, Status report on Contract 2712, Pier 35 Improvements Project, with D.F.P.F. Corporation, dba Fine Line Construction

**15. ADJOURNMENT**

**FEBRUARY/MARCH 2008**
**CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC**

| Date | Time | Group | Location |
|---|---|---|---|
| February 26 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| March 11 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| March 25 Cancelled | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |

NOTES:
The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel (CTAP) generally meets the second Thursday of the month. Contact John Doll at 274-0639 or john.doll@sfport.com

The Cruise Terminal Environmental Advisory Committee (CTEAC) generally meets quarterly. Date and time to be determined. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com
The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

## ACCESSIBLE MEETING INFORMATION

**Ferry Building:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

**Pier 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

**NOTICES**

**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 7, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request for Port Commission Consent to proposed Sublease between Costarella Seafood, the tenant pursuant to L-13163 and Aloha Seafood, Inc. for a portion of the premises located at Pier 45, Shed D-6.

**DIRECTOR'S RECOMMENDATION:** APPROVE RESOLUTION

**BACKGROUND:**

Costarella Seafood is a long-term fish processing tenant of the Port in good standing. Costarella's Lease L-13163 ("Lease") requires Port Commission consent to a transfer of the tenant's interest in the lease or sublease of the leased premises. Paragraph 21, Assignment and Subletting of the Lease, requires that "Tenant shall not make or permit any Transfer of this Lease except with the prior written consent of Port in each instance as evidenced by Port Commission resolution..." In addition, the Tenant is required to provide specific information to enable the Port to evaluate the proposed transfer and prospective subtenant or assignee, as well as any other information, documentation or evidence as determined to enable Port to evaluate the proposed transfer and prospective transferee.

The Lease allows the Port to recapture 100% of all sums payable to the Tenant in excess of the then-existing Rent payable to the Port, net of qualified expenses such as electricity, water, trash service, possessory interest taxes, etc. The difference between the per square foot rate for the tenant's base rent ($0.68) and the subtenant's base rent ($0.80) is $0.12/sq. ft. /mo. Rather than submeter undifferentiated areas within the leasehold, the tenant will continue to pay all operating expenses such as electricity, water, trash service, possessory interest taxes, etc. The tenant has provided electric service bills for five (5) recent months that support their statement that the electricity cost averages $1,500/mo., largely because of the compressors used to support refrigeration. That single item averages $0.387/sq. ft. /mo., which offsets any excess rent owed to the Port.

**This Print Covers Calendar Item No. 8A**

In the noted lease transfer paragraph, requested information was submitted per the lease, reviewed by Port staff consistent with lease requirements and Port standard practice. The completed Sublease Application, credit history, and Sublease Agreement were provided and reviewed. The tenant and proposed subtenant have signed the Sublease Agreement and Consent to Sublease. All information provided complies with terms of the Lease and Port policy. Because of the Lease requirements, Port staff is requesting Port Commission consent to the proposed Sublease with the following terms:

| | |
|---|---|
| Tenant: | Costarella Seafood, L-13163; 3,872 s.f. @ $2,630.09/mo. at Pier 45, Shed D-6. |
| Subtenant: | Aloha Seafood; 3,000 s.f. @ $2,400/mo. shed space at Pier 45, Shed D-6; effective February 1, 2008 or as soon as possible. |
| Term: | The proposed Sublease terminates on the date that the Lease terminates, June 30, 2010. |
| Rent: | Both leases have annual CPI rent adjustments. |
| Use: | No change. |

**ACTION REQUESTED:**

Port Commission consent to the proposed sublease between the following fish processing tenant and proposed subtenant for a portion of the premises located at Pier 45, Shed D-6:

Staff requests Port Commission consent to the proposed sublease between Costarella Seafood and Aloha Seafood, Inc. for a portion of the premises located at Pier 45, Shed D-6.

By: Claudia Davison, Property Manager
For Katharine Arrow, Sr. Property Manager
and Susan Reynolds, Deputy Director, Real Estate

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-07**

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port areas of the City and County of San Francisco; and

WHEREAS, under Charter Section B3.581 (g) leases granted and made by the Port should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Costarella Seafood is a long-term Port tenant in good standing, and pursuant to Lease L-13163 at Pier 45, Shed D-6 (the "Lease"), Costarella has requested Port consent to a proposed sublease with Aloha Seafood, Inc.; and

WHEREAS, Port staff reviewed information required to be submitted in connection with the proposed sublease consistent with Section 21, Assignment and Subletting of the Lease and recommends approval of the proposed sublease; and

WHEREAS, The proposed Sublease and supporting documents are on file with the Port's Real Estate Department therefore, be it

RESOLVED, that the San Francisco Port Commission consents to terms of the proposed sublease between Costarella Seafood and Aloha Seafood, Inc. consistent with the business terms set forth in the Memorandum to the San Francisco Port Commission for Agenda Item 8A for the Port Commission meeting of February 12, 2008.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 12, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

# MEMORANDUM

February 7, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request authorization for a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc., to increase the contract amount by $282,357 and to extend the substantial completion date to March 21, 2008.

**DIRECTOR'S RECOMMENDATION**: APPROVE RESOLUTION

## Introduction

Port staff request Commission authorization to execute a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc., to accomplish two objectives necessary to complete of the project: 1) Fund additional unforeseen work; and 2) Extend the Substantial Contract Completion date from November 8, 2007, to March 21, 2008. Port Commission authorization for this proposed contract modification is required because the time extension will cumulatively extend the schedule for substantial completion beyond 10 percent of the current contract duration. Furthermore, the estimated cost of this modification for additional work will increase the contract amount beyond the previously authorized contract amount, including the contingency amount.

On January 15, 2008, Port staff advised the Commission at its Quarterly Update for the Illinois Street Intermodal Bridge Project that staff were negotiating costs and a time extension with the Contractor and would seek Port Commission approval after the costs and new completion date were determined.

The additional costs and schedule delay are due to additional handling of and disposal of Class I and Class II contaminated soil, installation of the Auxiliary Water Supply System ("AWSS") in oil contaminated ground water, late removal of an abandoned oil pipeline by PG&E, late energization by PG&E, repair of existing Port rail connections to new rail, and changes required by other City agencies, such as SFFD, DPT, and MUNI.

**This Print Covers Calendar Item No. 8B**

The additional funding and time extension are needed to complete this additional work. The remaining contract contingency of $35,766 is insufficient to fund this work. Therefore, Port staff request authorization to increase the contract amount for Contract No. 2709 by an amount of $282,357. Furthermore, Port staff seek authorization to extend the current schedule for substantial contract completion by 134 days, to March 21, 2008.

**Project Status**

The construction of the South Approach for the Illinois Street Bridge is proceeding under Contract No. 2709, with Stacy and Witbeck. The contract provides for construction of the South Approach and includes instrumentation for the bridge control system. The completion of Contract 2709 is driving the functional completion date for the Bridge project. Port staff issued a Notice to Proceed in December, 2006, with substantial completion anticipated by May 18, 2007. However, progress toward substantial completion was interrupted by unavoidable delays in procurement of materials for the Auxiliary Water Supply System ("AWSS") and the need to relocate numerous unforeseen underground obstructions and utilities. Therefore, through Resolutions No. 07-43 and 06-74, the Commission previously authorized extensions of the substantial completion dates to September 6, 2007 and November 8, 2007, respectively.

Recently, further project delays were caused by discovery and mitigation of additional contaminated soil and ground water, additional work required by other City departments and late performance by utilities. These recent unforeseen delays warrant a further extension of the substantial completion date to March 21, 2008. The key issues relating to this recent delay are summarized below:

- Contaminated soils excavated for road work and AWSS have increased costs for proper handling and disposal, exceeding the current contract allowance.
- Dewatering hazardous ground water encountered during excavation of the AWSS trench will require environmental cleanup before disposal into the City system. Port staff are tracking these costs and will seek compensation from responsible parties for this additional work.
- PG&E's late removal of its abandoned fuel oil line contributed to construction delays for strengthening of the structural railroad track bridge over utilities (completed).
- PG&E's late energization (achieved January 28, 2008) delayed commissioning and testing of train control, traffic signals and street lighting systems.
- Existing Port rail connections to new rail required repairs to ensure Union Pacific rail service to the Port's tenant (completed).
- S.F. Fire Department requested an additional valve in the AWSS system. However, the Fire Department will provide the valve and reimburse Port for the additional expenditure.
- Department of Parking and Traffic requested additional ground wire installation which had not been included in their original design for the traffic signal (completed).
- MUNI requested an additional cabinet to house the Port's train control components which interact with the MUNI light rail vehicle / Union Pacific train control components at Cargo and Third Streets.

In order to complete this additional work under Contract 2709, Port Staff seek Commission authorization to increase the contract amount for Contract No. 2709 by an amount of $282,357 and to extend the current contract substantial completion date by 134 days, from November 8, 2007, to March 21, 2008.

**Funding**

The current authorized funding and change order amounts for Contract No. 2709 are summarized below:

**Contract No. 2709 Authorized Funding and Change Orders**

| | | |
|---|---|---|
| Original Contract Amount | | $3,952,400 |
| Change Orders | | |
| 1 | Remove extra concrete from track and street right of way | $9,177 |
| 2 | Additional Handling of and disposal of class I & II soil, additional roadway work, UPRR review costs, time extension due to late AWSS material | $127,057 |
| 3 | Additional Handling of and disposal of class I & II soil | $14,763 |
| 4 | Wharf Repair | $56,100 |
| 5 | Various Force Accounts for unforeseen additional work - Removal of unknown underground obstructions, repair of existing damaged utilities & security protection | $44,858 |
| 6 | Various Force Accounts for unforeseen additional work - Site investigation of underground utilities & removal of unknown underground obstructions | $27,349 |
| 7 | Provide Lockable Pull Boxes | $2,335 |
| 8 | Additional work and schedule extension to remove, reroute and protect underground utilities | $277,835 |
| Subtotal Change Orders | | $559,474 |
| Requested Contract Modification | Additional work to handle and off haul contaminated soil, treat contaminated ground water, utilities services, misc electrical and other work, and extend schedule | $282,357 |
| Requested Total Contract Amount | | $4,794,231 |

As summarized above, Port staff have negotiated a change order with Stacy and Witbeck in the sum of $282,357, for additional work to handle and off haul contaminated soil, treat contaminated ground water, utilities services, miscellaneous electrical and other work, including an extension of the contract schedule.

Port staff also request an additional $97,643 in contingency funds to be utilized for related issues which are under negotiation with the contractor, including:

- Additional handling and off hauling of contaminated soil from the AWSS trench which is under construction.
- AWSS - Tie in of new valve requested by SFFD and reroute AWSS to avoid existing utilities.
- Tie in of the additional train control cabinet to the MUNI system and related programming changes to the control systems, which is currently under discussion with MUNI.
- Other possible future contract contingencies

The additional requested funding of $344,234 ($282,357 + $97,643) will be provided from the Port Illinois Street Bridge Project Capital budget.

**Summary**

Port staff request Commission authorization to execute a contract modification to extend the Substantial Contract Completion date for Contract No. 2709 from November 8, 2007, to March 21, 2008, to provide time to perform additional work as outlined in this staff memorandum. Port staff also request Commission authorization to increase the contract amount by $282,357 to fund the additional work described above.

Port staff will pursue reimbursement of additional project costs from responsible parties, as appropriate. However, the need for the project funding is immediate, and therefore the costs are included in this request.

The total cost for the Illinois Street Intermodal Bridge Project including this request is $26,826,445.

Port Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Kim von Blohn, Project Manager
For: Edward F. Byrne, Chief Harbor Engineer

**PORT COMMISSION**

**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-08**

WHEREAS, Pursuant to Port Contract No. 2709 with Stacy and Witbeck, Inc., construction of the Illinois Street Intermodal Bridge South Approach is in progress with a current substantial completion date of November 8, 2007; and

WHEREAS, On January 15, 2008, Port staff advised the Commission at its Quarterly Update for the Illinois Street Intermodal Bridge Project that staff were negotiating costs and a time extension with the Contractor and would seek Port Commission approval after the costs and new completion date were determined; and

WHEREAS, Port staff have determined that this current substantial completion date would not be achieved due to the additional work to handle and off haul contaminated soils, treat contaminated ground water, utilities services, miscellaneous electrical and other work as described in more detail in the staff report accompanying this Resolution; and

WHEREAS, These factors justify extending the existing contract substantial completion date from November 8, 2007, to March 21, 2008; and

WHEREAS, The current contract contingency balance for Contract No. 2709 of $35,537 is insufficient to compensate Stacy and Witbeck for the increased cost of the additional work; and

WHEREAS, In order to accomplish this additional work and to provide a contingency account for the remainder of the project, it is necessary and appropriate for the Port Commission to authorize an increase in the existing contract amount by the amount of $282,357, for negotiated costs, and to authorize an additional $97,643 in contingency funds for related work items which are under negotiation with the contractor; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port Staff to execute a contract modification to Contract No. 2709, with Stacy and Witbeck, Inc., for the Illinois Street Intermodal Bridge South Approach, by increasing the contract amount by $282,357 to a total of $4,794,231; and be it further

RESOLVED, that the Port Commission hereby authorizes Port staff to increase the total contract amount, if needed, through contract modification or change order, for related work items currently under negotiation with the contractor or for unanticipated contingencies, by an additional $97,643, to a total contract amount not to exceed $4,891,874; and be it further

RESOLVED, that the Port Commission authorizes Port staff to extend the existing contract substantial completion date from November 8, 2007, to March 21, 2008; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 12, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

# MEMORANDUM

February 6, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Project Status Report for the Pier 52/54 Boat Launch Project, Contract No. 2713 with Dutra Construction Co., Inc.

**DIRECTOR'S RECOMMENDATION**: Informational Only – No Action Required

## Introduction

This is the first progress report for the Pier 52/54 Boat Launch Project since the Port Commission authorized the award of the construction contract last June. The main purpose of this report is to inform the Port Commission about the delay in achieving substantial project completion and potential cost increase currently under negotiation with the contractor.

## Background

The Port Commission, at its meeting on June 12, 2007, authorized the award of construction Contract 2713, Pier 52/54 Boat Launch Project, to Dutra Construction Co., Inc., in the amount of $2,278,700, plus a 10% contingency of $227,870 for a total of $2,506,570 (Port Commission Resolution No. 07-44). The project scope includes construction of a pile supported reinforced concrete boat launch pad.

The Contract was certified and the Official Notice to Proceed (NTP) was issued on August 6, 2007, with a contractual duration of 180 calendar days for contractor to achieve substantial completion. With this original contract certification, the Contractor was scheduled to achieve substantial completion on February 03, 2008 and final completion on March 04, 2008, 30 days following the substantial completion date.

The construction documents prepared by the Port's consultant, Creegan and D'Angelo, Inc. (C&D) and reviewed by their soil consultant, AGS, Inc., required the installation of a cofferdam on both sides at the bay end of the ramp. The cofferdam is a temporary water-tight enclosure

**This Print Covers Calendar Item No. 8C**

constructed with steel sheet piles, driven more than 40 feet into the bay floor, and pumped dry to expose the bay bottom so that ramp construction can be performed. However, the three-sided cofferdam was not sufficient to allow the contractor to dewater the inside of the cofferdam, as required to create a safe work environment for the installation of the concrete ramp, due to the unusually high volume of water inflow from the bay floor and from the embankment side of the site. The heavy inflow of the water at the site was not anticipated in the design, and the Consultant specified only a three-sided cofferdam for the construction. The Contractor attempted to remedy the water inflow problem by extending the cofferdam sides all the way up to the shoreline and placing additional rocks/gravels along the perimeter base as sealing material. The Contractor further extended the depth of the cofferdam walls and installed a fourth cofferdam wall on the shore side. None of these measures allowed the Contractor to dewater the site sufficiently for installation of the ramp. Finally, the Contractor added two (2) 5,000 Gallon per Minute (GPM) submersible pumps that solved the water intrusion problem. The use of the submersible pumps allowed the Contractor to dewater the cofferdam fully and commence installation of the boat launch pad. The pumps are required to be in constant operation in order to maintain the site in a relatively dewatered state for the installation of the launch pad. Please refer to attached photographs at the end of this report, which show the installation of the cofferdam and the dewatering effort.

The contractor's bid was based on a three-sided cofferdam structure. Adding length to the sides along the boat launch and a fourth wall increased the overall cofferdam length by approximately 50%. The added cofferdam construction took time to develop, procure and install. This increased the contractor's cost and time spent on the project. Port staff and contractor are currently reviewing the costs for the additional cofferdam construction and pumping to develop a contract change order.

As of the date of this report, the piles and reinforced concrete grade beams used to support the launch pad have been installed. The contractor is working on the installation of pre-cast concrete panels of the boat launch pad.

Due to the dewatering problem noted above, the project substantial completion date is expected to be delayed by 87 calendar days, which will extend the substantial completion date to April 30, 2008. The Port is currently negotiating the cost of the change orders, which may exceed the authorized 10% contract contingency.

**Funding Status**. Total Current Authorization:

| | |
|---|---|
| Original Contract Amount | $2,278,700 |
| Authorized 10% Contingency | $227,870 |

As of the date of this report, the following is the summary of estimated required funding for the proposed change orders:

| Item | Amount |
|---|---|
| Change Order No. 1- Add rip-rap and saw-cut and remove asphalt | $19,215 |
| Change Order No. 2- Adding demo debris and rip-rap to allow piles and cofferdam installation | $27,764 |
| Change Order No. 3-Additional Dewatering Effort (under negotiation, estimated amount) | $206,691 |
| Subtotal Change Orders (estimated) | $253,670 |

As indicated in the summary table above, the total contact change order costs are expected to exceed the authorized 10% contingency amount of $227,870 by $25,800 ($253,670 minus $227,870).

The total authorized funding is available from the following funding sources:

| **Funding Source** | **Funding** |
|---|---|
| CPO 114-Grant from California Department of Boating and Waterways | $1,270,723 |
| CPO 682-Pier 52/54 Public Boat Launch | $ 483,000 |
| CPO 741-Pier Repair Fund | $ 752,847 |
| **Total** | **$2,506,570** |

Any additional funds, if required, will be funded by the Pier Repair Fund once authorized by the Port Commission.

**Construction Schedule**

The project schedule is summarized below:

| | Original Contract | Proposed Modification |
|---|---|---|
| Commission Award of Contract | June 12, 2007 | |
| Official Notice to Proceed | August 6, 2007 | |
| Substantial Completion | February 03, 2008 | April 30, 2008 |
| Final completion | March 04, 2008 | May 30, 2008 |

**Summary**

This staff report is provided in order to keep the Port Commission apprised of evolving developments with the project. Port staff will continue to negotiate with Contractor for the final cost of contract modification. Port staff expect to present a request for approval of contract modification at the April 8, 2008 Port Commission meeting.

Prepared By: Ken Chu, Project Manager

For: Ed Byrne, Chief Harbor Engineer

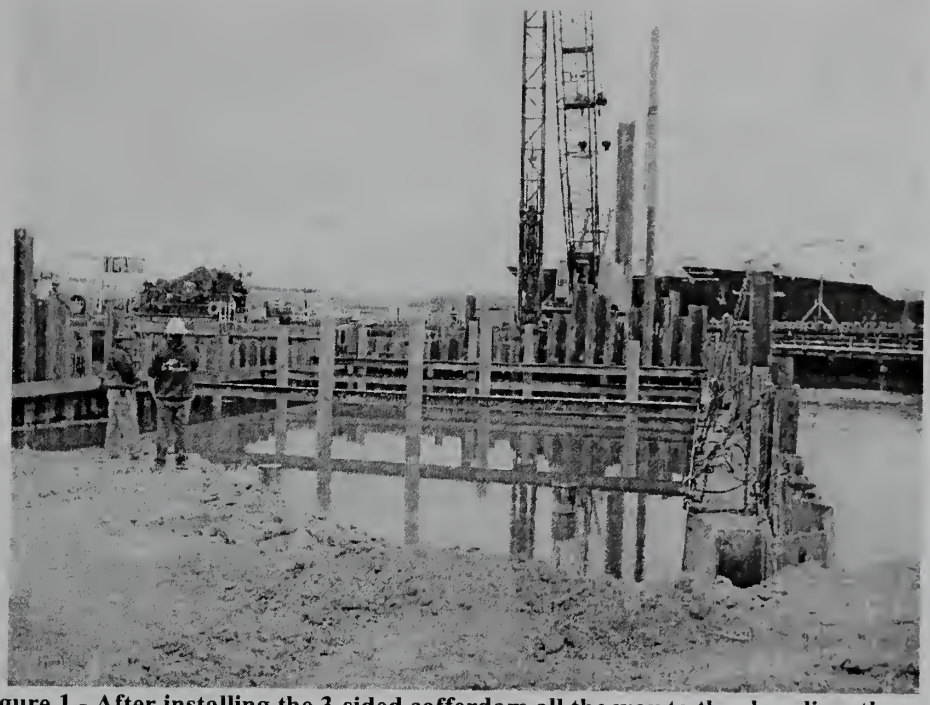

**Figure 1 - After installing the 3-sided cofferdam all the way to the shoreline, there was no difference in the water level with the Bay.**

**Figure 2 - Contractor added depth to the additional 4th wall in an attempt to stop underground water flow.**

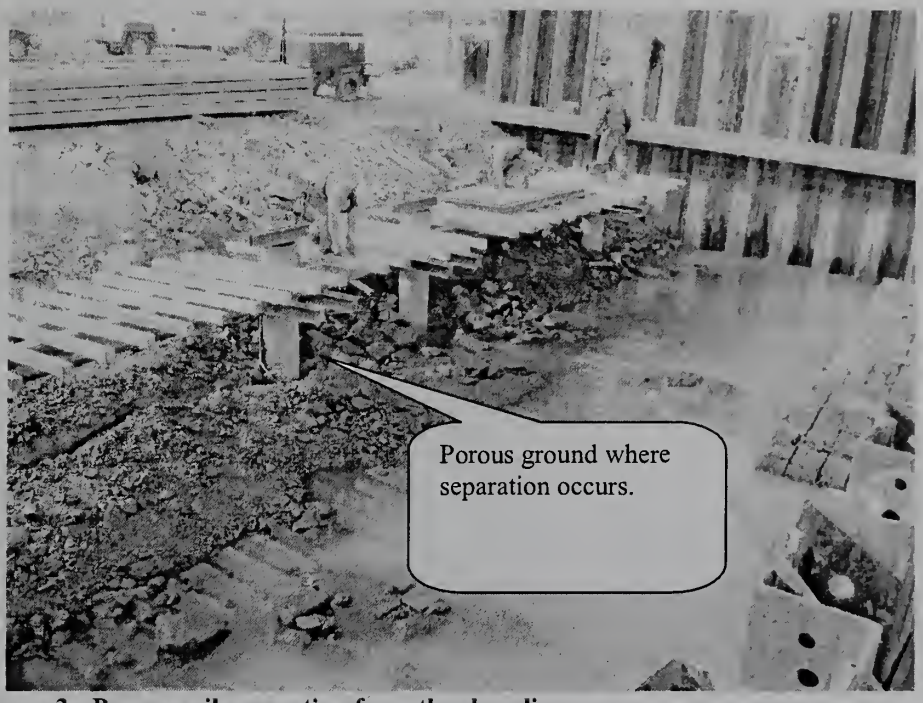


**Figure 3 - Porous soil separating from the shoreline.**

**Figure 4 - High volume of inflow of water from the Bay floor.**

**Figure 5 - Without pumping, cofferdam floods to the same water level as the Bay.**

**Figure 6 - Output of two 5,000 gallons per minute pumps to dewater the cofferdam.**

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 6, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Fiscal Year 2008-09 Operating Budget

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

The purpose of this item is to provide an overview of the Port's proposed Fiscal Year 2008-09 operating budget to allow Port Commission and public feedback. The Port Commission is scheduled to approve the Port's FY 2008-09 budget at its February 26, 2008 meeting. Following Port Commission approval, the budget will then be reviewed by the Mayor's Office, which will submit the budget to the Board of Supervisors by the first of May 2008. The Board will give final consideration to the budget on or about July 31, 2008. The proposed Fiscal Year 2008-09 Overall Budget is summarized as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase / (Decrease) Amount | Percent |
|---|---|---|---|---|
| **Sources** | | | | |
| Estimated Fund Balance | $15,996,174 | $13,396,258 | ($2,599,916) | -16.3% |
| Revenue | 61,607,550 | 64,968,548 | 3,360,998 | 5.5% |
| Total Sources | $77,603,724 | $78,364,806 | $761,082 | 0.98% |
| **Uses** | | | | |
| Operating Expense | $59,849,934 | $61,366,473 | $1,516,539 | 2.5% |
| Capital Appropriations | 9,612,800 | 7,621,000 | (1,991,800) | -20.7% |
| Operating Reserve | 8,140,990 | 9,449,639 | 1,236,343 | 15.2% |
| **Total Uses** | 77,603,724 | 78,364,806 | 761,082 | 0.98% |
| Operating Reserve as a Percent of Operating Expense | 14% | 15% | | |

**This Print Covers Calendar Item No. 9A**

The table above identifies all of the Port's revenue sources including use of fund balance that the Port uses to fund capital projects and the budgeted operating reserve. We propose using surplus operating revenues to help fund the Port's FY 2008-09 capital budget. As such, the above table includes both operating and capital budgets providing a clearer picture of the Port's expenditure budget.

With respect to the operating budget, we project operating revenues to increase by $3,360,998 or 5.5% from FY 2007-08 and operating expenses to increase by $1,516,539 or 2.5%. Additionally, we propose to increase the Port's operating reserve by $1,236,343 to have 15% of operating expenses consistent with the proposed operating reserve policy discussed in more detail in Item 9C. The Estimated Fund Balance has decreased by approximately $2.6 million primarily as the result of increased operating expenses in FY 2006-07 compared to FY 2005-06 driven by increased salary, fringe benefit, and City Attorney costs.

Each of the primary increases and substantive changes to the Port's FY 2008-09 budget is described in more detail below.

## Revenue

The proposed revenue budget of $64,968,548 for FY 2008-09 reflects a $3,360,998 increase or 5.5% greater than the FY 2007-08 budget. Projected revenues for FY 2008-09 are as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase/(Decrease) Amount | Percent |
|---|---|---|---|---|
| Cargo | $4,345,000 | $4,740,000 | $395,000 | 9% |
| Ship Repair | 1,000,000 | 1,000,000 | 0 | 0% |
| Harbor Services | 995,000 | 995,000 | 0 | 0% |
| Cruise | 1,550,000 | 1,565,000 | 15,000 | 1% |
| Fishing | 1,892,000 | 1,850,000 | (42,000) | -2% |
| Other Marine | 1,407,000 | 1,368,000 | (39,000) | -3% |
| Commercial/Industrial | 36,513,000 | 39,217,248 | 2,704,248 | 7% |
| Parking | 9,892,000 | 10,294,000 | 402,000 | 4% |
| Filming | 25,000 | 25,000 | 0 | 0% |
| Special Events | 100,000 | 100,000 | 0 | 0% |
| Miscellaneous Services | 101,250 | 105,000 | 3,750 | 4% |
| Facility Damage | 6,000 | 6,000 | 0 | 0% |
| Permits | 710,000 | 710,000 | 0 | 0% |
| Miscellaneous Repairs | 30,000 | 30,000 | 0 | 0% |
| Negotiation Fees | 350,000 | 350,000 | 0 | 0% |
| Interest on Investments | 2,108,000 | 2,030,000 | (78,000) | -4% |
| Penalties & Svc. Charges | 19,300 | 19,300 | 0 | 0% |
| Miscellaneous Receipts | 564,000 | 564,000 | 0 | 0% |
| Total Revenues | $61,607,550 | $64,968,548 | $3,360,998 | 5.5% |

The major changes in the FY 2008-09 revenue budget compared to the prior fiscal year are in Cargo, Commercial/Industrial Rent, and Parking as a result of the following:

- Cargo revenues are projected to increase $395,000 or 9% as a result of rent increases related to Hansen Aggregates and leases at SWL 352 and the new lease and rail agreement with LB Railco.

- Commercial/Industrial rent is expected to increase by $2,493,000 or 7% primarily due to scheduled CPI increases of 2% from existing leases, and new and renegotiated leases from leasing vacant space at Piers 17, 31, 35, 50, 54 and 96. In addition, income from percentage rents is expected to increase by $563,000 due to increased tenant sales in the current fiscal year.

- Parking revenue is projected to increase by $402,000 or 4% primarily due to increased usage of parking lots at Pier 30, Pier 48 and Pier 27 that is offset by reduced rents from the Franciscan Parking Lot lease that was terminated in November 2007 due to the unsafe condition of the substructure.

## Expense

The proposed FY 2008-09 expense budget of $61,366,473 is a $1,516,540 increase, or 2.5% over the prior fiscal year. The expense summary for FY 2008-09 is as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase / (Decrease) Amount | Percent |
|---|---|---|---|---|
| Salaries & Benefits | $26,552,148 | $28,372,627 | $1,820,479 | 6.9% |
| City-wide Overhead | 335,290 | (49,055) | (384,345) | -114.6% |
| Other Current Expenses | 8,337,789 | 9,365,931 | 1,028,142 | 12.3% |
| Materials & Supplies | 1,294,895 | 1,374,193 | 79,298 | 6.1% |
| Fixed Charges | 670,504 | 668,436 | (2,068) | -0.3% |
| Capital Outlay | 936,572 | 878,130 | (58,442) | -6.2% |
| Facilities Maintenance | 3,929,268 | 3,394,683 | (534,585) | -13.6% |
| Debt Service | 4,709,845 | 4,702,720 | (7,125) | -0.2% |
| ADM - Insurance & Risk | 2,020,033 | 2,020,033 | 0 | 0% |
| City Attorney - Legal Services | 2,433,000 | 2,554,650 | 121,650 | 5.0% |
| Fire Protection Services | 2,524,287 | 2,650,501 | 126,214 | 5.0% |
| DHR – Workers Compensation | 1,158,888 | 822,132 | (336,756) | -29.1% |
| PUC - Light, Heat & Power | 1,391,692 | 1,374,386 | (17,306) | -1.2% |
| All Other Departments | 3,203,867 | 2,857,442 | (346,425) | -10.8% |
| Interdepartmental Recovery | (204,325) | (204,325) | 0 | 0% |
| Revenue Transfer Out - DPT | 556,180 | 583,989 | 27,809 | 5.0% |
| Total Expenses | $59,849,933 | $61,366,473 | $1,516,540 | 2.5% |

The major changes in the FY 2008-09 expense budget over the prior fiscal year are in Salaries and Fringe Benefits, City-wide Overhead, Other Current Expenses which includes Professional and Specialized Services, and Facilities Maintenance and Annual Projects, Capital Outlay, and Fire Protection Services.

- Salaries and mandatory fringe benefits are projected to increase by a total of $1,820,479 or 6.9% of which $741,522 is due to increases to pension and health plan costs. The remaining $1,078,957 or 5.4% increase in salaries is due to annualization of the increase in salaries granted in the City's MOUs. In addition, as described in more detail below, we are requesting to (1) add six new positions, (2) delete one position, and (3) reclassify four positions.

- The Port's share of City-wide Overhead decreased by $384,345 or 115% based on the Controller's FY 2008-09 County-wide Cost Allocation Plan (COWCAP).

- Other Current Expenses are expected to increase by $1,028,142 or 12.3% due to (1) moving computer licensing costs from Maintenance Services and increased licensing costs associated with the Port's new building permit software Accela and the new Oracle Financials application and (2) adding $290,766 for professional services to fund various software enhancements such as upgrading PROPworks the Port's property management system and to fund financial advisor services to help the Port prepare to issue debt in FY 2009-10.

- Facilities Maintenance and annual project costs are projected to decrease by $534,585 primarily due to (1) completing the Oracle upgrade project, and (2) a significant reduction in the amount allocated for the BART retrofit project.

- Capital Outlay is expected to decrease by $58,442 due to replacing fewer vehicles in FY 2008-09 than the Port replaced in FY 2007-08.

- City Attorney services are expected to increase by $121,650 or 5% based on salary and fringe benefit increases.

- Fire Protection is estimated to increase by $126,214 or 5% based on estimated MOU required wage and fringe benefit increases.

- As described in more detail below, we are proposing to eliminate the work-order to DPW for street cleaning services along the Embarcadero Roadway for a savings of $336,425. The Port intends to provide these services directly through increased staffing.

- Workers Compensation is expected to decrease by $336,756 based on estimates by the City's Worker's Compensation Division.

- The work-order with the City's Division of Real Estate increased by $211,248 to help the Port negotiate leases and MOUs.

## Staffing Changes Proposed in the Port's FY 2008-09 Budget

The following six new positions are contained in the Port's proposed FY 2008-09 budget:

*Maintenance Division – Embarcadero Roadway Maintenance*
The Department of Public Works (DPW) has been maintaining the Embarcadero Roadway since 1994 when the City constructed it with federal, state and local grant funds. DPW received funding for such maintenance from ½ Cent Sales Tax funds administered by the San Francisco Transportation Authority. Beginning in FY 2007-08, those funds began to diminish prompting the City to request the Port to begin funding maintenance of the Embarcadero Roadway through a $336,425 work-order to DPW. The Port's Maintenance Division staff have proposed that they assume the responsibility for maintaining the Embarcadero roadway which primarily consists of sweeping it daily with the mechanical sweeper. The total cost to the Port to assume that responsibility is approximately $263,117 including salaries, fringe benefits and non-labor costs or $73,308 less than DPW charges the Port.

**(New) 2.0 FTE 7514 General Laborers – annual salary per position $56,536**
These positions will provide street, sidewalk and plaza cleaning services that DPW is currently providing along the Embarcadero Roadway.

**(New) 1.0 FTE 7355 Truck Driver – annual salary $72,957**
This position will provide street cleaning services that DPW is currently providing along the Embarcadero Roadway.

*Maintenance Division –Other Positions Changes*

**(New) 1.0 FTE 7345 Electrician – annual salary $86,844**
This position will maintain the electrical systems acquired through the PUC Energy Upgrade Project. The new systems will result in saving energy and, as a result, reduce the Port's utility costs by 26% (approximately $346,000 per year).

**(New) 1.0 FTE 7347 Plumber – annual salary $89,950**
This position will help maintain the Port's sewers to prevent sewer overflows and potential sewer discharges into the San Francisco Bay.

**(Delete) 1.0 FTE 9360 Construction and Maintenance Supervisor II – annual salary $99,620**
This position is currently vacant. The Maintenance Division is proposing to delete it and add the Plumber position described above.

*Maritime Division*

**(New) 1.0 Utility Specialist – annual salary $112,274**
This position is being requested to assist the Maritime Division in both (1) complying with an increasing number of State and Federal regulatory requirements and (2) continuing to develop and implement a leading-edge maritime environmental program. The position will focus on environmental permitting and program issues, such as dredging and endangered aquatic species, that involve the Dredged Materials Management Office (DMMO) and/or U.S Army Corps of Engineers, NOAA Fisheries, Regional Water Quality Control Board, San Francisco Bay Conservation and

Development Commission (BCDC), State Lands Commission, Department of Fish & Game, Fish and Wildlife Service, and others.

While the position is within the Maritime Division, the incumbent's time will be shared by both the Maritime Division and the Engineering Division. Within Engineering, the position will provide regulatory, permitting, and policy support for maintenance and capital projects that require interactions with the same list of agencies. Since agency staff members assigned to maritime projects are typically the same individuals assigned to marine construction projects, the shared nature of this position will allow the Port to present a single individual as the primary point of contact for related maritime and marine construction issues. The incumbent will report to the Manager of Environmental and Regulatory Affairs in the Maritime Division and will coordinate with the project management staff in the Engineering Division.

The following five position reclassifications and reassignments are proposed in the Port's FY 2008-09 budget:

**Finance and Administration Division - (Re-assigned) 0.5 FTE Management Assistant – annual salary $34,776**

This position is reassigned from the Maritime Division and reduced to a half-time position. The incumbent has a strong background in web design, Photoshop, communications, and documentation. The Port lacks a webmaster to oversee and manage all of the Port's websites. Based on the incumbent's background and desire for part-time employment and the Port's need for a webmaster, we are proposing to transfer the position to the Port's IT section to manage and oversee the Port's websites.

**Real Estate Division – Salary Decrease $12,818**

| | |
|---|---|
| 1827Administrative Services Manager | ($91,520) |
| 1844 Senior Management Assistant | 78,702 |
| Difference | ($12,818) |

The Port Real Estate Division and Human Resources divisions have been evaluating the best classification to meet the Real Estate Division's administrative support needs. They concluded that they need someone to: 1) supervise support staff; 2) ensure the quality of leasing and financial data input into PropWorks, through oversight and audit of data as well as validation of calculations for data such as CPI adjustments, and 3) manage incoming calls from tenants and troubleshoot small issues so that Property Managers can focus on revenue generating activities. Currently, financial information and CPI calculations are performed by Management Assistant and no one validates the input. Based on these duties, the Port's Human Resources Division recommends that we re-classify the 1827Administrative Services Manager to an 1844 Senior Management Assistant position at an annual salary savings of $12,818.

**Executive Division – Salary Increase of $4,815**

| | |
|---|---|
| 0922 Manager I | ($107,741) |
| 0923 Manager II | 112,556 |
| Difference | $4,815 |

The Port's Manager of Public Affairs position is classified as a 0922 Manager I. Other City departments' Public Affairs positions with similar levels of responsibility are classified as 0923 Manager IIs. Thus the Department of Human Resources recommended that the Port reclassify its 0922 Manager I position to a 0923 Manager II position.

**Maritime Division – Salary Increase of $13,475**

| | |
|---|---|
| 9356 Wharfinger II | ($72,039) |
| 9376 Market Research Specialist | 85,514 |
| Difference | $13,475 |

This position would be a promotive position in the operations group for a Wharfinger II. The cruise and ferry facility operations require a higher level of industry knowledge and expertise that is based on a strong operations background in terminal operating agreements and construction contracts yet requires commercial knowledge including evaluation of rate structures and industry trends. This position would prepare reports for Port management and commissioners as well as serve as a key contact with cruise and ferry terminal operators.

| | |
|---|---|
| 1842 Management Assistant | ($67,314) |
| 1408 Principal Clerk | 62,099 |
| Difference | ($5,215) |

This position will manage the Maritime Division's clerical tasks, including assisting with advisory groups, monitoring expenses using spreadsheets and the City's FAMIS system, resolving vendor payment issues, answering inquiries from the public, and other general office and organizational responsibilities. A 1408 Principal Clerk position is a better fit for these responsibilities.

## Conclusion

The Port's proposed FY 2008-09 operating budget is a modest 2.5% increase from FY 2007-08 while adding $1.2 million to the Port's operating reserve. The primary increases to the Port's budget is for salaries and fringe benefits which reflect wage and health benefit increases but also includes adding six new positions. Five of those positions are in the Port's Maintenance Division, the cost of which is off-set through various expenditure savings including deleting one position. The budget continues to provide funding for professional services and one-time projects that will enable the Port to better repair, manage, and develop the City's waterfront. Port staff will seek Commission approval of the FY 2008-09 budget at its February 26, 2008 meeting. We welcome your comments and/or input.

Prepared by: Tina Olson, Deputy Director, Finance and Administration

PORT OF SAN FRANCISCO

# MEMORANDUM

February 5, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney A. Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Proposed $7.6 Million Capital Project Budget Funding for Fiscal Year 2008/09

**DIRECTOR'S RECOMMENDATION**: Informational Only – No Action Required

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Attached is the Capital Project Budget that Port staff is proposing for Fiscal Year 2008/09. The Capital Project Budget is being presented for the Port Commission's review, comment and input. The final Fiscal Year 2008/09 Capital Project Budget will be brought back to the Port Commission for approval at its February 26, 2008 meeting.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding requests for FY 2008/09 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these projects will be provided by the unappropriated balance from the Port's operating fund, and the partial defunding of a previously approved capital project.

The FY 2008/09 proposed budget includes Port funding in the amount of $7,621,000 for capital projects as detailed in Exhibit 1.

The capital project budget that staff is proposing for FY 2008/09, shown in Exhibit 1, includes funding for: (i) the Port's maintenance dredging program for next year; site furnishings, lighting

**This Print Covers Calendar Item No. 9B**

improvements, and a drainage system upgrade for Taylor Street; (ii) the next phase of work scheduled as part of a complete overhaul of Piledriver No.1; (iii) repairs to the Port's ferry terminal floats; (iv) repairs and upgrades to the water mains at Pier 26 and 28; and (v) improvements to the railroad track at Piers 80 and 94/96.

Also included in the proposed capital project budget is additional funding for: (i) Port capital projects established to repair the pier structures and utility infrastructure of Port facilities, (ii) greening and beautification projects in the Southern Waterfront, (iii) a capital project to fund capital improvements needed as part of the leasing process, and (iv) a capital project established for physical improvements to Port facilities to make them more accessible to the disabled. Lastly, the proposed capital project includes funding for painting the Pier 29 Annex building, and for architect and engineering services for the development of a concept and design for a building to house the Fisherman's Wharf Harbor Office and the headquarters of the SFPD's marine unit.

As the build-out of fish processing facility at Pier 45 Shed C is not scheduled to go forward at this time, Port staff is proposing that funding for this capital project be reduced by $1,5700,000, and that the funds be returned to the Port's fund balance for reappropriation in the FY 2008/09 capital budget. The delay in the Pier 45 Shed C project is due to insufficient demand by the fishing industry, and logistical problems with configuring the individual tenant spaces.

Based on the Port's existing capital project needs and available funding, Port staff submits to the Port Commission the attached proposed Capital Project Budget for Fiscal Year 2007/08 for its review, comment, and input.

Prepared By: Lawrence Brown, Financial Analyst
For: Tina Olson, Deputy Director
Finance and Administration

# EXHIBIT 1

## Capital Projects
## Proposed Funding for FY 2008/09

| Project | Operating Fund | Previous CP or Other Funding | Amount Defunded | Total Project Funding |
|---|---|---|---|---|
| *Fisherman's Wharf* | | | | |
| Taylor Street Drainage System Upgrade | 500,000 | 0 | 0 | 500,000 |
| Taylor Street Site Furnishings & Lighting Improvements | 150,000 | 0 | 0 | 150,000 |
| FW Harbor Office & SFPD Marine Unit Headquarters | 300,000 | 0 | 0 | 300,000 |
| Pier 45 Shed C Development Project | 0 | 3,258,630 | (1,570,000) | 1,688,630 |
| *Northeast Waterfront* | | | | |
| Pier 29 Annex Building Painting Project | 50,000 | 0 | 0 | 50,000 |
| *Ferry Building Area & South Beach* | | | | |
| Ferry Terminal Float Repairs | 300,000 | 0 | 0 | 300,000 |
| Piers 26 & 28 Water Main and Backflow Device Upgrade | 416,000 | 0 | 0 | 416,000 |
| *Southern Waterfront:* | | | | |
| Piers 80/94/96 Railroad Track Evaluation & Improvements | 500,000 | 0 | 0 | 500,000 |
| Greening & Beautification Project – Add'l Funding | 75,000 | 100,000 | 0 | 175,000 |
| *Portwide Projects:* | | | 0 | |
| Dredge Materials Testing – FY 2008/09 Program | 450,000 | 0 | 0 | 450,000 |
| Maintenance Dredging – FY 2008/09 Program | 2,550,000 | 0 | 0 | 2,550,000 |
| Port ADA Transition Plan – Add'l Funding | 500,000 | 1,133,961 | 0 | 1,633,961 |
| Utilities Project – Add'l Funding | 400,000 | 2,175,000 | 0 | 2,575,000 |
| Pier Structures Repair Project, Phase II – Add'l Funding | 900,000 | 1,007,500 | 0 | 1,907,500 |
| Leasing Capital Improvement Project - Add'l Funding | 230,000 | 770,000 | 0 | 1,000,000 |
| Piledriver No.1 Drydock & Repair | 300,000 | 292,000 | 0 | 592,000 |
| **Total Proposed Project Funding** | **$7,621,000** | **$8,737,091** | **$(1,570,000)** | **$14,788,091** |

**FY 2008/09 CAPITAL PROJECT BUDGETS**

| Project Name | Amount | Description |
|---|---|---|
| Taylor Street Drainage System Upgrade | $500,000 | This project provides funding for the following: i) construction of manholes, catch basins, and other drainage system improvements to be constructed in conjunction with the resurfacing of Taylor Street; and ii) rerouting a stormwater trench drain that runs under the Taylor Street restaurant crabpots to the City sewer system.<br><br>Uneven asphalt and non-code compliant drainage along Taylor Street constitutes a safety hazard. SFDPW will resurface the street, but the Port is responsible for the sewer/drainage and sidewalk utilities.<br><br>Restaurant tenants currently use a trench drain to discharge waste from crabpots. This waste empties into the Bay which is a violation of State water code. Rerouting this trench drain will correct this problem. |
| Taylor Street Site Furnishings & Lighting Improvements | $150,000 | This project will fund the installation of bollards, lighting improvements, and benches along Taylor Street. The improvements will result in a new expanded multi-use sidewalk that can be used for additional dining areas by the Port's restaurant tenants. The project is expected to generate approximately $116,000 in additional revenue annually for the Port. |
| FW Harbor Office & SFPD Marine Unit Headquarters | $300,000 | This project provides funding for architect and engineering services for the development of a concept and design for a building(s) to house the Port's Fisherman's Wharf Harbor and SFPD-Marine Unit's administrative offices. The building will also include staff restrooms & shower, changing room, storage room, and a public meeting room that can also be used as an incident command post. The project scope includes preparation of conceptual drawings, construction drawings, and detailed cost estimates.<br><br>The conceptual drawings, construction, and cost estimates will be used for review by citizen advisory groups, and for submittal to grant agencies for construction funding. The preparation of these documents will assist the Port in its efforts to secure grant funding for construction of this facility. |
| Pier 29 Annex Building Painting Project | $50,000 | This project will fund the exterior painting of the Pier 29 Annex building. Also included is funding for the stabilization of the lead-based paint on the building. The lead paint on the building exterior is peeling in many areas, is a hazard, and needs to be remediated. New paint will help to waterproof the building, and protect against sun damage. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Ferry Terminal Float Repairs | $300,000 | This project will fund fender replacement, and critically needed electrical repairs to the Port's public ferry terminal floats. These repairs are needed for the continued safe and secure operation of the public ferry terminals.<br><br>Pier security, ferry loading and unloading, and lighting are contingent upon electrical power. The fendering systems need to be in good repair to allow the safe operation of the ferries, and to prevent damage to the ferry and the piers during docking. |
| Piers 26 & 28 Water Main and Backflow Device Upgrade | $416,000 | The water mains under Pier 26 and 28 are very old and break frequently, resulting in a loss of revenue (because of rent credits provided to tenants due to lack of water service) and added expense to the Port. In addition, the mater mains are not protected by back flow prevention devices that are required by current health and building codes.<br><br>This project would fund the relocation of the water mains and the water pipes to an above deck location and extend the pipe out to the ends of the piers. Water tie-ins would be included at regular intervals for existing and future tenants, and back flow prevention devices would be installed. The upgrades would provide for more dependable water service. |
| Piers 80 & 94/96 Railroad Track Evaluation and Improvements | $500,000 | This project will provide funding for: i) a study to determine and evaluate the feasibility of constructing additional rail links at Piers 80 & 94/96 and ii) engineering, and construction of the rails links identified by the study.<br><br>The soon to be completed Illinois Street intermodal bridge will re-establish the rail link between Pier 80 and the Union Pacific railroad system. Recent studies performed by a railroad consultant indicate that improvement to the rail track system at Pier 80, and 94/96 are needed to improve the versatility and productivity of the facilities. The Port has also received expressions of interest from companies who would like to move auto, oversize cargo, steel, and other goods via rail. An improved rail system at the Port's cargo terminal will be needed in order to accommodate this new business. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Greening & Beautiful Project – Add'l Funding | $75,000 | This project provides funding for greening and beautification projects and related improvements for sites located in the Southern Waterfront.<br><br>$75,000 in additional funding is now needed to cover the Port's expected obligation related to beautification in the Southern Waterfront. This obligation is the result of anticipated new leasing in the Southern Waterfront in FY 2008/09, and a policy adopted by the Port Commission on November 17, 2007 that established a Southern Waterfront Community Benefits and Beautification Fund, and a funding mechanism consisting of a revenue set aside from the collection of rent generated by new leasing in the area. |
| Dredge Materials Testing – FY 2008/09 Program | $450,000 | This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities for FY 2008/09.<br><br>Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site. |
| Maintenance Dredging – FY 2008/09 Program | $2,550,000 | This project will fund the Port's dredging activities for FY 2008/09. It will fund dredging at Piers 27, 35, 80, 94/96 and Islais Creek channel. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators. |
| Port ADA Transition Plan – Add'l Funding | 500,000 | This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. To date, $1,133,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects.<br><br>Additional funds are now needed to bring the parking, entrances, and bathrooms at the 401 Terry Francois building up to current ADA standards. Funding is also available for other accessibility repairs and improvements as needed. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Utilities Project – Add'l Funding | $400,000 | This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. To date, $2,175,000 has been appropriated for this project; almost all of which has been committed for specific utility projects.<br><br>Additional funds are now needed for fire systems certification program (phase III), utility mapping (phase II), and utility service improvements at Piers 26, 28 & 33. Funding provided is also available for utility-related repairs at other facilities as needed. |
| Pier Structures Repair Project, Phase II | 900,000 | This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. To date, $1,007,500 has been appropriated for this project; almost all of which has been committed for pier repair projects.<br><br>Additional funds are now being provided to finance the partial repair of Wharf J-9 deck, piles, and seawall. Funding provided will also cover pier-related repairs at other facilities as required.<br><br>Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets. |
| Leasing Capital Improvement Project - Add'l Funding | 230,000 | As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.<br><br>Additional funding is now needed for site improvements to parcels located in the Backlands area of the Southern Waterfront. These improvements will greatly assist Port staff in their leasing efforts in the area. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Piledriver No.1 Drydock and Repair | $300,000 | This project funds the drydocking and complete overhaul of the Port's Piledriver No.1. The total project, estimated to cost $1.9 million, is being funded over several years as funds become available. $292,000 was appropriated in FY 2007/08 to fund the initial phase of the project consisting of sandblasting, painting, and make repairs to the hull, and strengthening the top deck of the vessel.<br><br>Additional funding is now needed for spuds, and other repairs slated for Phase II of the drydock and repair project. Spuds are outrigger devices used to stabilize the Piledriver when it is operating.<br><br>The Port's piledriving rig is an important part of the Port's pier maintenance and repair program. If deferred maintenance forces the rig out of service, the Port would have to either suspend needed piledriving work, or contract the work out to an outside vendor at a higher cost. |
| Total Proposed Project Funding | $7,621,000 | |

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 7, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Operating Reserve Policy

**DIRECTOR'S RECOMMENDATION:** Informational Item – No Action Required

The purpose of this item is to provide an overview of the Port's proposed Operating Reserve Policy to allow Port Commission and public feedback. The Port Commission will be asked to approve the proposed Policy at its February 26, 2008 meeting.

***Background***

Governments typically maintain unappropriated fund balances or operating reserves to mitigate future risks such as revenue shortfalls and unanticipated expenditures. The Government Finance Officers Association (GFOA) recommends that government entities establish formal policies on maintaining the level of operating reserves. GFOA further recommends an operating reserve equal to 5% to 15% of operating expenses or no less than one to two months of regular operating expenses. Rating agencies evaluate government operating reserves to help determine credit worthiness. Rating agencies prefer to see higher operating reserves to ensure a governmental entity's ability to repay debt.

Government entities should consider the following factors when establishing an operating reserve policy:

- Predictability of revenues and the volatility of expenditures
- Availability of resources in other funds
- Liquidity of resources
- Designations of unreserved fund balances for specific purposes

**This Print Covers Calendar Item No. 9C**

***Port of San Francisco's Budget and Revenues***

The Port of San Francisco has fairly predictable revenues and operating expenses. However, the Port of San Francisco relies exclusively on the revenues it generates from the use of its property and does not receive any tax revenues. Thus, if there were a major catastrophic event such as an earthquake that destroyed Port property, the Port would most likely lose a significant portion of its operating revenues. Two months of the Port's total FY 2007-08 operating expenses is approximately $10 million. However, in the event of a major catastrophic event, the Port would not have to expend all of its operating budget line items. At a minimum, the Port would need to cover Port employees' salaries and fringe benefits, debt service, rent, insurance, and some materials and supplies, and any outstanding professional services invoices. These are expenses that the Port should try to pay until such time as the Port could secure federal aid or other non-Port monies to make repairs and continue to operate the Port. In FY 2007-08, two months of these essential expenses is approximately $6.5 million.

The Port's proposed FY 2007-08 operating budget includes approximately $10 million or almost 17% in one-time expenses such as facilities maintenance projects, equipment, and professional services that the Port can choose to defer in an emergency. In addition, the Port's annual capital budget is usually approximately $8 million that it can also choose to defer in an emergency. The other significant budget items in the Port's budget are work-orders to other City departments that the City could cover during a two-month period since its revenue base includes various taxes that it would continue to collect after a major disaster, albeit at a lower rate.

Fifteen percent of the Port's proposed FY 2007-08 total operating expenses is $8,977,490.

***Port of San Francisco's Proposed Operating Reserve***

To ensure the Port has the resources to cover primary operating expenses in the event of a major catastrophe, we are proposing a Port policy that requires a minimum operating reserve of no less than two months of the Port's critical operating expenses as described above. However, it is the Port's practice to budget an operating reserve of 15% of the Port's total operating expenses to provide assurances to the rating agencies that the Port will be able to cover its debt service payments. Thus, if during the course of a fiscal year the Port appropriates monies from its operating reserve to cover unforeseen expenses unrelated to a major catastrophe, such appropriation shall not reduce the Port's operating reserve to below two months of the Port's regular operating expenses. However, the Port will make the necessary adjustments to provide an operating reserve of 15% of the Port's total operating expenses when it submits its annual budget to the Port Commission, Mayor and Board of Supervisors for review and approval.

***Use of Operating Reserve***

The proposed Policy will provide that Port staff may draw down funds from the operating reserve to cover unforeseen expenses provided it seeks the authorization in advance to do so from the Port Commission, Mayor, and Board of Supervisors. Port staff may also use funds from the operating reserve without first seeking authorization from the Port Commission if the Mayor declares an emergency or an event occurs on Port property that requires an immediate response for which the Port has insufficient appropriated funds or lacks the appropriation authority to spend funds as required by the event. In such circumstances, Port staff will use its best efforts to seek retroactive Port Commission approval as soon as practical.

*Conclusion*

In summary, GFOA recommends that all governmental entities have a formal operating reserve policy. GFOA further recommends an operating reserve equal to 5% to 15% of operating expenses or no less than one to two months of regular operating expenses. Based on the Port's revenue base, operating budget line items, and annual capital budget, Port staff recommends maintaining a minimum operating reserve of no less than two months of the Port's critical operating expenses including Port employees' salaries and fringe benefits, debt service, rent, insurance, and some portion of materials and supplies, and any outstanding professional services invoices. However, it is the Port's practice to budget an operating reserve of 15% of the Port's total operating expenses to provide assurances to the rating agencies that the Port will be able to cover its debt service payments.

Port staff may use the operating reserve to cover unforeseen expenses provided it seeks authorization in advance from the Port Commission, Mayor, and Board of Supervisors. Port staff may also use funds from the operating reserve without first seeking authorization from the Port Commission if the Mayor declares an emergency or an event occurs on Port property that requires an immediate response for which the Port has insufficient appropriated funds or lacks the appropriation authority to spend funds as required by the event. In such circumstances, Port staff will use its best efforts to seek retroactive Port Commission approval as soon as practical.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 8, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** The Port's 10-Year Capital Plan, FY 2008-17 Update

**DIRECTOR'S RECOMMENDATION**: Information Item – No Action Required

**Background**

As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2008 and is expected to be adopted through Board of Supervisors legislation by May 1, 2008. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2008-17 Capital Plan. The schedule of needs and funding sources included with the Port's draft plan submitted to the City is attached to this report.

**Overview**

The Port's first 10-Year Capital Plan in Spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

**This Print Covers Calendar Item No. 9D**

This update of the Port's 10-Year Capital Plan for FY 2008-17 includes, on the needs assessment side, transition to a new database, a capturing of new 10-year renewal costs, and as a part of that process, a new way of looking at the Port's piers and wharves.

On the financing side, the availability of new resources, including Infrastructure Finance Districts (IFD), a SWL 337 disencumbered from the public trust, and Parks and Open Space General Obligation Bond, have allowed the Port to program, as a baseline, $461 million in bond monies. Contingencies built around heavier development at SWL 337 push this number as high as $541 million, over half of one billion dollars.

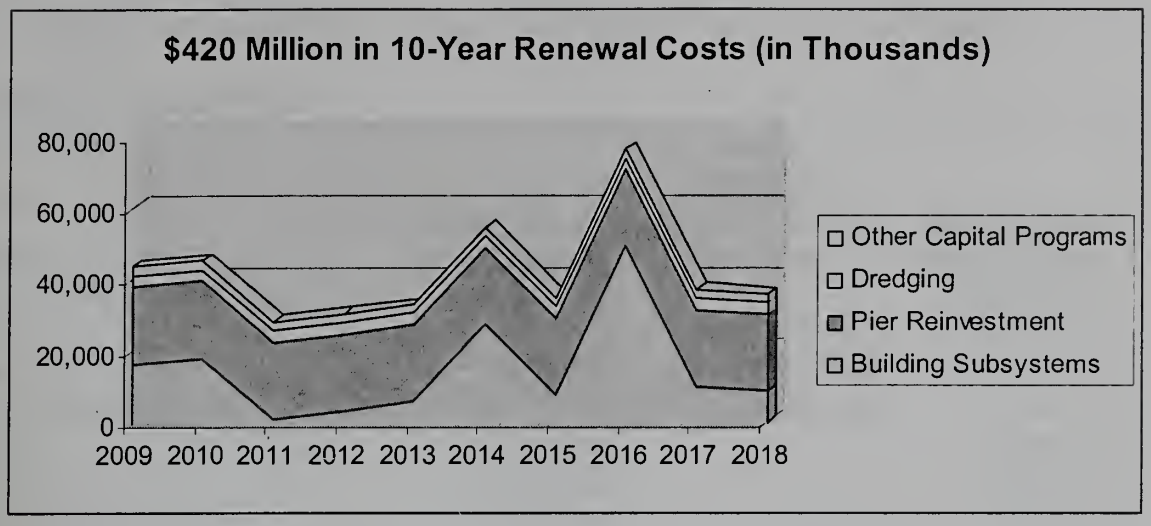
**Summary of Changes – Needs Assessment**

On the expenditure / needs estimate side, the most significant difference between the Port's FY 2008-17 Capital Plan and the two prior iterations of that plan is that, in addition to the backlog, the Port's plan now includes costs for 10 years of planned capital renewal. As noted in the Port's first Capital Plan, we had always planned to include renewal costs in the Port's 10-Year Capital Plan. Transitioning to the City's Facilities Renewal and Reinvestment Model (FRRM) accomplished this goal. A detailed breakdown of the Port's $1.9 billion in capital need can be found in Appendix A to the FY 2008-17 Capital Plan.

| Changes in Dollars (in Millions) | |
|---|---|
| FY 2007-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| | $1,945 |

Whereas the cost estimates for the Port's prior Capital Plan were driven by the Port's internally developed Capital Plan Database (CPDB), they are now driven by the City's FRRM model, a centralized system now used by all City Departments. Most cost estimates were transferred from the CPDB to the FRRM database on a dollar-for-dollar basis, though some projects - primarily building subsystems - were completely re-estimated using the FRRM methodology.

Where in the prior model, all structures were broken down into five categories at most, the FRRM model breaks those same buildings down into a dozen or more subsystems. This will allow the Port to run reports that, for example, predict when all the roofs will need to be replaced over time, allowing Port staff to plan for those replacements. Overall, the addition of $420 million in renewal costs, consisting of the total amount the Port would need to address new issues that will develop over the next 10 years, can be represented as follows:




Piers as infrastructure: Another significant change brought about by the change in the capital model is that the Port's piers and wharves are now, for renewal purposes, treated collectively as infrastructure. More like the foundation of a building or a system of utility mains, each of which could last 100 years, an amount of funding is programmed each year to repair or replace what becomes the weakest part of the overall system. The lifespan of individual components is on such a long time frame, that predicting differential wear-and-tear of those components, as well as a specific replacement year, is problematic.

Using a different replacement schedule for each of the Port's four types of pier substructures, staff settled on a representative number of three-quarters of one percent (0.75%) of the estimated current replacement value of those structures as the annual reinvestment need. Depicted as "Pier Reinvestment" in the graph above, and listed under the "Portwide Annual Programs" in the attached schedule, this works out to be $21.6 million annually.

**Summary of Changes – Financing Plan**

The most striking difference in the Port's Financing Plan this year is the level of funding that has become available through bonds, climbing this year to, as a conservative baseline assumption, $461 million.

Programming for Revenue Bonds totaling $162.5 million are proposed as follows:

**Port Revenue Bond Projects**

| Project | Bond – Base Port Revenues | Bond – Additional SWL337 Lease Revenues | Total Revenue Bond Funding |
|---|---|---|---|
| Agriculture Building | $10,000,000 | - | $10,000,000 |
| Pier 9 | - | $21,420,000 | 21,420,000 |
| Piers 19-23 | 9,000,000 | 18,580,000 | 27,580,000 |
| Piers 33 and 35 | - | 25,000,000 | 25,000,000 |
| Pier 50 | 30,000,000 | - | 30,000,000 |
| Pier 80 | 30,000,000 | - | 30,000,000 |
| Pier 90-96 Seawall | 8,000,000 | - | 8,000,000 |
| Misc. Wharves and Aprons | 2,500,000 | - | 2,500,000 |
| Tunnel and Rail Improvements | 8,000,000 | - | 8,000,000 |
| **Total** | **$97,500,000** | **$65,000,000** | **$162,500,000** |

The $33.5 million in Port open space projects approved by voters on February 5, 2008 are listed in the table below. The Port intends to construct these improvements by FY 2013-14.

**G.O. Bond Park Funding**

| Port Area | Proposed Park | Project | G.O. Bond Funding |
|---|---|---|---|
| Fisherman's Wharf | Pier 43 ½ Park | Pier 43 ½ | $9,000,000 |
| South Beach | Brannon Street Wharf Park | Brannon St. Wharf | 3,000,000 |
| China Basin | Bayfront Park | Blue Greenway Project | 21,000,000 |
| Southern Waterfront | Crane Cove Park | | |
| | Warm Water Cove Park | | |
| | Islais Creek | | |
| | Heron's Head Park Entrance | | |
| | | **Total:** | **$33,500,000** |

The Port's Infrastructure Finance District Bonds, now substantially larger than in the previous iterations of this report, have been proposed as follows:

**Infrastructure Finance District Bond Projects**

| Project | Tax Increment IFD Bond | Additional SWL337 Tax Increment IFD Bond | Total IFD Bond Funding |
|---|---|---|---|
| Piers 27-31 | $60,000,000 | - | $60,000,000 |
| Pier 70 – Infrastructure | 40,000,000 | - | 40,000,000 |
| Pier 70 – Environmental | 30,000,000 | - | 30,000,000 |
| Pier 70 – Open Space | 20,000,000 | - | 20,000,000 |
| Pier 70 – Piers and Wharves | 50,000,000 | - | 50,000,000 |
| Pier 70 – UIW Building | - | $45,000,000 | 45,000,000 |
| Islais Creek | - | 4,000,000 | 4,000,000 |
| Blue Greenway | - | 16,000,000 | 16,000,000 |
| **Total** | **$200,000,000** | **$65,000,000** | **$265,000,000** |

**Financing Plan SWL 337 Contingencies**

Heavier development at SWL 337 has the potential to increase the Port's bond revenues by as much as $80 million. Under the scenario where the Port realizes $8 million annually from both revenues and the IFD, which would equate to $40 million more than the Port's current baseline assumption, the Port would consider directing that funding as follows:

Increased Lease Revenue

- Additional funding to Piers 19-23 - $20 million (for a total of $38.6 million)

Increased IFD Revenue

- Portwide seawall repairs - $20 million

Under the scenario where the Port realizes $10 million annually from both revenues and the IFD, -- $80 million more than the Port's current baseline-- the Port has preliminarily programmed that additional funding as follows:

Increased Lease Revenue

- Additional funding to Piers 33 / 35 - $12 million (for a total of $37 million)
- Historic wharf repairs at Fisherman's Wharf - $8 million

Increased IFD Revenue

- Amador Street and Backlands Infrastructure - $15 million
- Pier 52 Historic Rail Ferry Repairs - $5 million

**Conclusions**

In 2005, the Port's Capital Plan seemed like (at best) a decades-long solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. Suddenly, it appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers within the next five years.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting "public trust" use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A in Mission Bay – is approximately 14 acres.

Development of a portion of Lot A free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing be spent on preservation of historic resources on Port property or waterfront open space pursuant to the San Francisco Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of Lot A into improvements throughout the waterfront. Consensus regarding the final development plan for Lot A and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including Lot A) will yield these improvements as early as FY 2013-14.

In an historic first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No), meaning that $33.5 million in waterfront open space projects approved by the Port Commission in the FY 2007-08 Capital Plan are, indeed, funded.

There are still considerable issues to be addressed in the Pier 70 area and other areas around the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to develop plans for financing a new Cruise Terminal. We know that the State of California needs to begin contributing to its interests, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government likewise has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels. And the Port needs the support of the City's elected family to enact some of the financing strategies described in the FY 2008-09 Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

Prepared by: Tina Olson, Deputy Director, Finance Division
Brad Benson, Special Projects Manager
Daley Dunham, Principal Administrative Analyst

# Port Facilities and Infrastructure

| | Backlog | Projected 10-Year Additional Need 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total 10-Year Need |
|---|---|---|---|---|---|---|---|---|
| Facility / Program Needs | | | | | | | | |
| Facilities, by Region | | | | | | | | |
| Fisherman's Wharf | 74,700 | 8,059 | 938 | 241 | 611 | 1,862 | 14,813 | 102,114 |
| Northeast Waterfront | 323,872 | 8,098 | 8,672 | 487 | 359 | 0 | 25,795 | 383,181 |
| Ferry Building Area | 72,785 | 0 | 611 | 234 | 0 | 643 | 8,165 | 82,438 |
| South Beach | 282,440 | 283 | 2,368 | 0 | 607 | 3,291 | 3,929 | 292,708 |
| China Basin | 121,138 | 133 | 1,644 | 0 | 0 | 0 | 4,562 | 127,475 |
| Southern Waterfront | 698,439 | 861 | 6,860 | 23 | 1,704 | 0 | 64,214 | 892,111 |
| Portwide Misc.(Equipment, ADA Plan) | 8,227 | 0 | 4,371 | 0 | 0 | 0 | 0 | 12,598 |
| Subtotal: | 1,482,599 | 18,402 | 22,464 | 985 | 3,281 | 5,796 | 141,118 | 1,872,825 |
| Portwide Annual Programs | | | | | | | | |
| Dredging | | 3,225 | 3,225 | 3,225 | 3,225 | 3,225 | 16,125 | 32,250 |
| Facility Condition Survey | | 323 | 323 | 323 | 323 | 323 | 1,615 | 3,230 |
| Emergency Facility Repair | | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 | 5,375 | 10,750 |
| Special Area Plan - Open Spaces | | 1,014 | 1,014 | 1,014 | 1,014 | 1,014 | 5,070 | 10,140 |
| Pier/Wharf Substructure Reinvestment | | 21,600 | 21,600 | 21,600 | 21,600 | 21,600 | 108,000 | 216,000 |
| Subtotal: | | 27,237 | 27,237 | 27,237 | 27,237 | 27,237 | 136,185 | 272,370 |
| Total Additional Need: | | 43,639 | 49,721 | 28,202 | 30,498 | 33,033 | 277,303 | |
| Total Cumulative Need: | 1,482,599 | 1,526,238 | 1,575,959 | 1,604,161 | 1,634,659 | 1,667,692 | 1,944,995 | |

| Funding Sources | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total |
|---|---|---|---|---|---|---|---|
| Port Tenant Responsibility | | | | | | 71,014 | 71,014 |
| Port Operating Budget | 8,762 | 8,762 | 8,762 | 10,000 | 10,000 | 50,000 | 96,286 |
| Port Revenue Bonds | | 40,000 | | 57,500 | 23,000 | 42,000 | 162,500 |
| Development Projects | | 60,901 | 116,189 | | | | 178,089 |
| Infrastructure Finance District | | | | 60,000 | 205,000 | | 265,000 |
| General Obligation Bonds | 11,167 | 11,167 | 11,167 | 0 | 0 | 0 | 33,501 |
| Total Additional Funding: | 19,929 | 120,830 | 135,097 | 127,500 | 238,000 | 163,014 | |
| Total Cumulative Funding: | 19,929 | 140,759 | 275,856 | 403,356 | 641,356 | 804,370 | |
| Balance: | (1,506,309) | (1,435,200) | (1,328,305) | (1,231,303) | (1,026,336) | (1,140,625) | |

# Port of San Francisco

# 10-Year Capital Plan

## FY 2008-17 Update

## Table of Contents


| | | |
|---|---|---|
| I. | Executive Summary | 3 |
| II. | Summary of Changes | 5 |
| III. | Schedule of Expenses / Needs Assessment | 7 |
| IV. | Proposed Funding – Port Maps | 9 |
| V. | SWL 337 Alternate Funding Scenarios | 21 |
| VI. | Unfunded (Deferred) and Emerging Needs | 22 |
| VII. | Conclusions | 23 |
| Appendix A | | A-1 |

## I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including ATT Ballpark, the Ferry Building, Pier 1, Piers 1 ½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in the process of submitting an application to the National Park Service requesting that the Pier 70 area be designated a National Register Historic District.

A significant milestone for the current fiscal year is the southern approach to the Illinois Street Bridge, which will be completed in spring 2008. As the bridge becomes operational, added rail access will allow the Port to better market cargo facilities at Pier 80 to prospective clients. Additionally, construction of the Rincon Restaurants, located south of Rincon Park near Pier 22 ½, was recently completed in January 2008.

The proposed 10-year capital plan identifies a total need of approximately $1.9 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities (see chart at right). This is approximately $500 million greater than the $1.44 billion identified in the Port's FY 2007-08 10-year Capital Plan, due primarily to the inclusion of Port facilities in the City's Facility Resource Renewal Model (FRRM). Whereas the Port's capital planning database measures only existing backlogs of need, FRRM calculates an additional $418 million cost of repair and replacement work required in the future. The Port's FRRM will be included as part of its Plan in all annual updates beginning with FY 2007-2008.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan each year. The City's capital planning program publishes the submission of all departments annually in the City's Capital Plan. This report is a more detailed version of the Port's draft submission to the City's FY08-17 Capital Plan.

A summary of the changes from last year's report is as follows:

| Changes in Dollars (in Millions) | |
|---|---|
| FY 07-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| | $1,945 |

Of the $1.9 billion in total need, the Port has identified a total of $804 million in funding including: Port tenants, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and for the first time, General Obligation bonds. The largest element of the Port's Plan is the rehabilitation and redevelopment of heavily blighted Pier 70 area, with estimated needs of approximately $497 million. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While it is hoped that much of this work can be completed through private development, much of it must be completed with other sources of funding first in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. However, each of these options will require significant staff time to develop and implement and each will require support from the City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result in 1) new lease revenues which will allow the Port to revenue-bond for an annual amount of $6 million, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds for an additional $6 million annually. This assumption would provide the Port with $130 million in bond funds. However, alternate development scenarios for SWL 337 could lead to and additional $80 million in bond funding to address the Port's capital needs. While the Port maintains its current baseline, the number and magnitude of capital issues that could be addressed with a heavier investment in SWL 337 suggest a clear avenue for future efforts.

In conclusion, the Port's newfound ability to utilize the public resources of Infrastructure Finance Districts, a SWL 337 disencumbered from public-trust restrictions, and inclusion in a City General Obligation Bond constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

## II. Summary of Changes

The most significant difference between the Port's FY08-17 Capital Plan and the two prior iterations of that plan is that, in addition to the backlog, the Port's plan now includes costs for 10 years of planned capital renewal. As noted in the Port's first Capital Plan, we had always planned to include renewal costs in the Port's 10-Year Capital Plan. Transitioning to the City's Facilities Renewal and Reinvestment Model (FRRM) accomplished this goal.

| Changes in Dollars (in Millions) | |
|---|---|
| FY 07-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| | $1,945 |

### Transition to a New Capital Planning Model

Whereas the cost estimates for the Port's prior Capital Plan were driven by the Port's Capital Plan Database (CPDB), they are now driven by the City's FRRM model. Most cost estimates were transferred from the CPDB to the FRRM database on a dollar-for-dollar basis[1], though some projects –primarily building sub-systems-- were completely re-estimated using the FRRM methodology.

### 10-year Subsystem Renewal

One advantage that the FRRM model has over the Port's previous model is that the FRRM goes to a finer level of resolution with regard to buildings. Where in the prior model, all structures were broken down into 5 categories at most, the FRRM model breaks those same buildings down into a dozen or more subsystems. This will allow the Port to run reports that, for example, predict when all the roofs will need to be replaced over time, allowing Port staff to plan for those replacements. Overall, the addition of $420 million in renewal costs consists of the total amount the Port would need to address new issues that will develop over the next 10 years. Per the schedule above they break down as follows:

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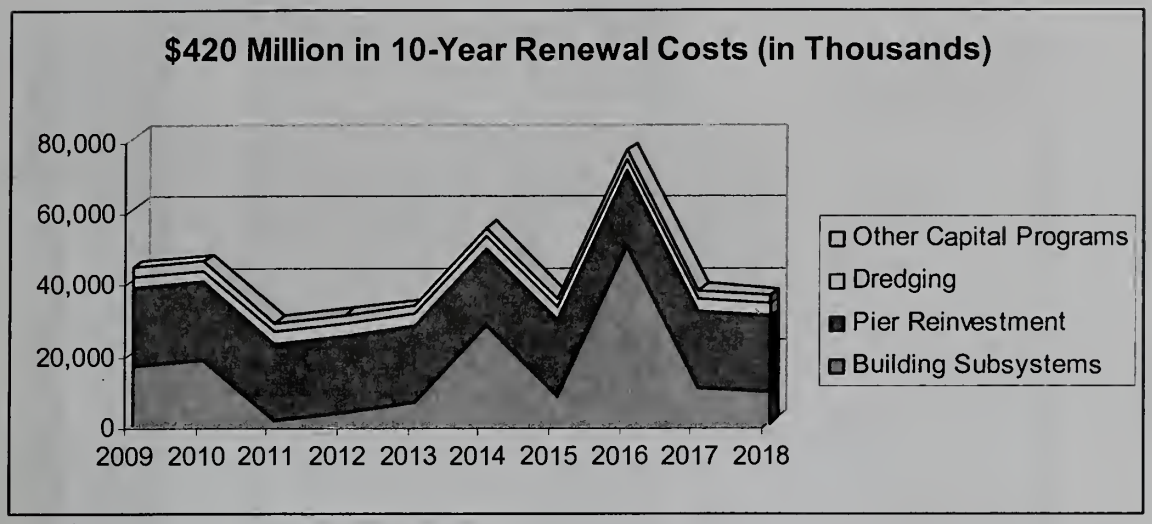
[1] This was a challenging process in many ways because the FRRM model is more general in nature, whereas the CPDB was designed specifically for the Port. For example, where the FRRM model assumes a specific lifetime for a mechanical subsystem in a building, say, 30 years for electrical systems, there is no assumed lifetime for structural elements of buildings. The FRRM model assumes that structural elements (e.g. walls and the foundation) essentially do not "wear out", but rather have a lifetime equal to the lifetime of the entire building. This is probably a safe assumption for college campuses, the application for which FRRM was originally designed. However, the Port has many buildings –particularly in the Pier 70 area—where structural elements of the building are failing, and because they are historic in nature, by virtue of Port policy, they are certainly at the end of their lifespan. As with other issues of this nature, the data was transitioned using the best available proxy in FRRM. As a result of the Port's effort migrate costs as representatively as possible, the Port's usage of FRRM substantially exceeds that of any other City Department in terms of complexity and breadth of database tools used.




**Piers as Infrastructure**

This change is reflected in the new schedule of expenses line item, under Portwide Annual Programs, "Pier/Wharf Substructure Reinvestment."

Another significant change brought about by the change in the capital model is that the Port's piers and wharves are now, for renewal purposes, treated collectively as infrastructure. More like the foundation of a building or a system of utility mains, each of which could last 100 years, an amount of funding is programmed each year to repair or replace what becomes the weakest part of the overall system. The lifespan of individual components is on such a long time frame, that predicting differential wear-and-tear of those components, as well as a specific replacement year, is problematic.

Using a different replacement schedule for each of the Port's four types of pier substructures, staff settled on a representative number of three-quarters of one percent (0.75%) of the estimated current replacement value of those structures as the annual reinvestment need. As listed in the schedule below, this works out to be $21.6 million annually.

**Revised Schedule of Expenses**

Because there was significant variation in the way that other Enterprise Departments opted to display their expenses, we chose to maintain the prior-held way of viewing the Port, with six separate Port regions. We also chose to reflect a running total to reflect the Port's ongoing needed-repair expenses over the next ten years. It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs are all represented in 2008 dollars, and are not escalated.

## Port Facilities and Infrastructure

| | Backlog | Projected 10-Year Additional Need 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total 10-Year Need |
|---|---|---|---|---|---|---|---|---|
| **Facility / Program Needs** | | | | | | | | |
| Facilities by Region | | | | | | | | |
| Fisherman's Wharf | 74,700 | 9,059 | 938 | 241 | 611 | 1,952 | 14,613 | 102,114 |
| Northeast Waterfront | 323,872 | 6,096 | 6,672 | 467 | 339 | 0 | 25,735 | 363,181 |
| Ferry Building Area | 72,765 | 0 | 611 | 234 | 0 | 643 | 8,165 | 82,438 |
| South Beach | 282,440 | 263 | 2,368 | 0 | 607 | 3,201 | 3,829 | 292,708 |
| China Basin | 121,136 | 133 | 1,644 | 0 | 0 | 0 | 4,562 | 127,475 |
| Southern Waterfront | 599,459 | 851 | 5,880 | 23 | 1,704 | 0 | 84,214 | 692,111 |
| Portwide Misc.(Equipment, ADA Plan) | 8,227 | 0 | 4,371 | 0 | 0 | 0 | 0 | 12,598 |
| Subtotal: | 1,482,599 | 16,402 | 22,484 | 965 | 3,261 | 5,796 | 141,118 | 1,672,625 |
| Portwide Annual Programs | | | | | | | | |
| Dredging | | 3,225 | 3,225 | 3,225 | 3,225 | 3,225 | 16,125 | 32,250 |
| Facility Condition Survey | | 323 | 323 | 323 | 323 | 323 | 1,615 | 3,230 |
| Emergency Facility Repair | | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 | 5,375 | 10,750 |
| Special Area Plan - Open Spaces | | 1,014 | 1,014 | 1,014 | 1,014 | 1,014 | 5,070 | 10,140 |
| Pier/Wharf Substructure Reinvestment | | 21,600 | 21,600 | 21,600 | 21,600 | 21,600 | 108,000 | 216,000 |
| Subtotal: | | 27,237 | 27,237 | 27,237 | 27,237 | 27,237 | 136,185 | 272,370 |
| **Total Additional Need:** | | **43,639** | **49,721** | **28,202** | **30,498** | **33,033** | **277,303** | |
| Total Cumulative Need | 1,482,599 | 1,526,238 | 1,575,959 | 1,604,161 | 1,634,659 | 1,667,692 | 1,944,995 | |

| Funding Sources | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total |
|---|---|---|---|---|---|---|---|
| Port Tenant Responsibility | | | | | | 71,014 | 71,014 |
| Port Operating Budget | 8,762 | 8,762 | 8,762 | 10,000 | 10,000 | 50,000 | 96,286 |
| **Port Revenue Bonds** | | 40,000 | | 57,500 | 23,000 | 42,000 | 162,500 |
| Development Projects | | 60,901 | 115,168 | | | | 176,069 |
| Infrastructure Finance District | | | | 60,000 | 205,000 | | 265,000 |
| General Obligation Bonds | 11,167 | 11,167 | 11,167 | 0 | 0 | 0 | 33,501 |
| **Total Additional Funding:** | **19,929** | **120,830** | **135,097** | **127,500** | **238,000** | **163,014** | |
| Total Cumulative Funding: | 19,929 | 140,759 | 275,856 | 403,356 | 641,356 | 804,370 | |
| **Balance:** | **(1,506,309)** | **(1,435,200)** | **(1,328,305)** | **(1,231,303)** | **(1,026,336)** | **(1,140,625)** | |

Just over $1 billion, or approximately 54% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the $816 million that the Port proposes to fund in the 10-year capital plan, approximately $440 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year[2]. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A. Please note that, while the CPDB was organized by project and allowed for ready customization of reporting, the FRRM database operates differently, presenting information by structure. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs all in 2008 dollars, and are not escalated.

[2] The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

## IV. Proposed Funding

The Port's ten-year capital plan proposes a total investment of $804.4 million, consisting of $162.5 million in Port Revenue Bonds, $265 million in Infrastructure Finance District (IFD) Bonds, $33.5 million in General Obligation Bonds, funds from the Port's operating budget, Port tenants, and private funds from development partners. These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Piers 19 and 23; Piers 9, 33 & 35; Piers 27-31, which are in negotiation for development of a mixed-use project; rail and tunnel improvements; Pier 50, home to the Port's Maintenance Division; Pier 70; Pier 80, the Port's primary cargo facility; the seawall at Piers 90-96; and various open space improvements along the waterfront.

**Port Revenue Bond Projects**

The Port anticipates issuing $162.5 million in revenue bonds by FY 2017-18. Structures were selected for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations.

Based on these criteria, the Port proposes to make improvements to the following Port facilities with Port revenue bond funds:

**Port Revenue Bond Projects**

| Project | Bond – Base Port Revenues | Bond – Additional SWL337 Lease Revenues | Total Revenue Bond Funding |
|---|---|---|---|
| Agriculture Building | $10,000,000 | - | $10,000,000 |
| Pier 9 | - | $21,420,000 | 21,420,000 |
| Piers 19-23 | 9,000,000 | 18,580,000 | 27,580,000 |
| Piers 33 and 35 | - | 25,000,000 | 25,000,000 |
| Pier 50 | 30,000,000 | - | 30,000,000 |
| Pier 80 | 30,000,000 | - | 30,000,000 |
| Pier 90-96 Seawall | 8,000,000 | - | 8,000,000 |
| Misc. Wharves and Aprons | 2,500,000 | - | 2,500,000 |
| Tunnel and Rail Improvements | 8,000,000 | - | 8,000,000 |
| **Total** | **$97,500,000** | **$65,000,000** | **$162,500,000** |

*Project Descriptions:*

- ***Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is

developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. An analysis of revenue potential indicates that making required repairs and upgrades will generate increased net lease revenues for the Port. The Port proposes to allocate $10 million in revenue bonds to cover repairs and seismic upgrades.

- ***Northeast Waterfront Piers - Piers 9, 33 and 35:*** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337, the first development affected by the new legislation, is, as a baseline, expected to earn approximately $6 million annually in additional lease revenues as a result of the changes (see the "alternative scenarios" section below for discussion on larger returns). This additional annual income of $6 million will help the Port to leverage approximately $65 million in revenue bonds. Piers 9, 33 and 35 will be the recipient of these Revenue Bond funds, which will go toward seismic upgrades and long-deferred repairs.

- ***Piers 19 and 23:*** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades. However, the Port has not begun a planning process to determine possible uses for the piers. Nonetheless, the Port will allocate revenue bonds to the piers to produce a higher return from the annual lease payments. The cost to completely rehabilitate and seismically upgrade these facilities for current uses is estimated to be approximately $44.4 million. The Port proposes to allocate approximately $18.6 million in revenue bond funds toward improving these facilities with the end-goal of generating increased lease revenues.

- ***Pier 50:*** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated need over the next 10 years totals $47.2 million; the Port proposes to allocate $30 million in revenue bond funds to seismically upgrade the facility, as well as provide other crucial repairs.

- ***Pier 80:*** located in the southern waterfront near Cesar Chavez Street, Pier 80 is the Port's cargo facility, which is presently focused on bulk and break-bulk cargo operations. It is currently under-utilized. The cost of needed repairs could be covered by increased revenues if the Port is better able to market this facility. As noted earlier, the Port recently constructed the Illinois Street Bridge, which will improve freight rail access to Pier 80, improving the marketability of the facility to prospective clients. The complete cost of repairs and seismic work to Pier 80 as well as the industrial buildings at Pier 80 is estimated at $99.7 million; the Port proposes to allocate $30 million in revenue bond funds to cover repairs to the pier sub-structure and improvements to some of the buildings housed there.

- ***Miscellaneous Pier Apron and Seawall / Wharf Repairs:*** Several of the Port's piers require major repairs to their aprons, which allow tenant access and more expansive uses of structures located on piers. The Port has obligations under some of its current leases to conduct apron repairs. Beyond aprons, the Port needs to (1) replace Wharf J-9 seawall which is required to continue to use the adjoining leased facilities and (2) make major repairs and improvements to the Pier 90 Wharf, which is required to support storage requirements for Port operations. The Port proposes to allocate $2.5 million in revenue bonds to address these issues.

**General Obligation Bond Projects**

As of the writing of this report, the City's February 2008 ballot contains a $185 million General Obligation bond for park and open space improvements, $33.5 million of which has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Proposed projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. If approved by voters, the Port will construct these improvements by FY 2012-13.

**G.O. Bond Park Funding**

| Port Area | Proposed Park | Project | G.O. Bond Funding |
|---|---|---|---|
| Fisherman's Wharf | Pier 43 ½ Park | Pier 43 ½ | $9,000,000 |
| Southbeach | Brannon Street Wharf Park | Brannon St. Wharf | 3,000,000 |
| China Basin | Bayfront Park | Blue Greenway Project | 21,000,000 |
| Southern Waterfront | Crane Cove Park | | |
| | Warm Water Cove Park | | |
| | Islais Creek | | |
| | Heron's Head Park Entrance | | |
| | | **Total:** | **$33,500,000** |

**Development Projects**

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the following development projects will begin construction in the next five years. As previously noted, cost estimates included in this Plan only include repair and replacement costs and seismic upgrades that the Port would need to conduct to continue operating these facilities for their current uses. The descriptions below include enhancements developers are making to the facilities to change their use, the cost of which is not included in this Plan.

- ***Piers 15–17***: The Port entered into an Exclusive Negotiating Agreement (ENA) with the Exploratorium to renovate Piers 15-17 and relocate the Exploratorium museum from its current location at the Palace of Fine Arts. During the past several years the museum has been looking for a new home to accommodate its expanding needs. The Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The expected cost of the rehabilitation of Piers 15 and 17 is $61.3 million.

- ***Piers 27-31:*** Located on the northeastern waterfront, approximately one mile north of the Ferry Building, Piers 27-31 are under the jurisdiction of the Port Commission and currently consist of 832,369 square feet of pier space. Under the proposed Project Plan, the Developer would be awarded a 66-year lease agreement by the Port to renovate, occupy, and sublease space at Piers 27-31 for mixed uses. The Port entered into an ENA with SF Piers LLC to develop these piers for recreation and office space uses. The project is expected to be in construction in two years. As described below, the Port proposes to issue $60 million in Infrastructure Financing District (IFD) tax increment bonds to help pay for substructure repairs and seismic upgrades. These repairs and seismic work are currently estimated to cost $118.3 million.

**Port Infrastructure Financing District (IFD)**

The State recently adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful tool for the Port because it does not require a blight finding or require a set-aside of a portion of the tax increment for affordable housing. The Port anticipates having a total of $265 million in IFD Bond funds available for a variety of projects, including Piers 27-31 project, Pier 70 Improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. The Port has identified the Agriculture Building, and Piers 33 and 35 as private-public development candidates for which it is analyzing whether to include IFD Bond funds.

**Infrastructure Finance District Bond Projects**

| Project | Tax Increment IFD Bond | Additional SWL337 Tax Increment IFD Bond | Total IFD Bond Funding |
|---|---|---|---|
| Piers 27-31 | $60,000,000 | - | $60,000,000 |
| Pier 70 – Infrastructure | 40,000,000 | - | 40,000,000 |
| Pier 70 – Environmental | 30,000,000 | - | 30,000,000 |
| Pier 70 – Open Space | 20,000,000 | - | 20,000,000 |
| Pier 70 – Piers and Wharves | 50,000,000 | - | 50,000,000 |
| Pier 70 – UIW Building | - | $45,000,000 | 45,000,000 |
| Islais Creek | - | 4,000,000 | 4,000,000 |
| Blue Greenway | - | 16,000,000 | 16,000,000 |
| **Total** | **$200,000,000** | **$65,000,000** | **$265,000,000** |

***Piers 27-31:*** As noted above, the Port proposes to issue $60 million in IFD bonds to help pay for substructure repairs and seismic upgrades, currently estimated to cost $118.3 million.

***Pier 70 Improvements (Southern Waterfront):*** The Capital Plan identifies a total of $497 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront. Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of the Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, most of the 35 buildings on the site are not used; only a few are leased.

The Port is creating a viable master plan that includes: 1) a survey of the historic resources and development of preservation options, and 2) an economic and planning feasibility analysis with development options for Pier 70. We expect to complete this master plan by May 2008 and to issue a development RFP for Pier 70 by the summer of 2008.

The project envisions bringing most, but not all, of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

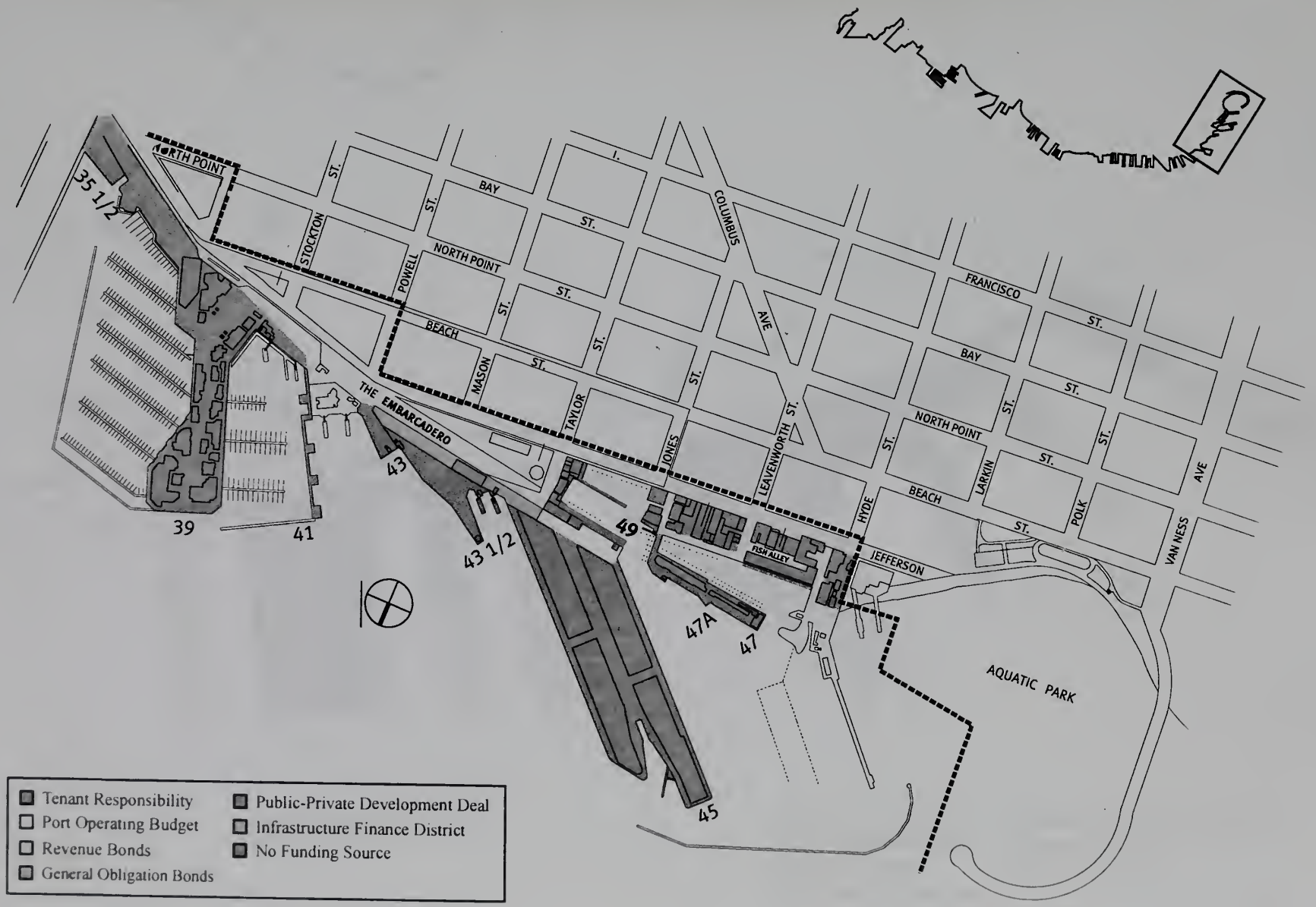
The Port's 10-year capital plan programs $140 million in IFD Bond funds to cover Pier 70 campus infrastructure costs, which consist of $40 million to construct streets, sewers, water mains, sidewalks, and street lighting, approximately $30 million to conduct environmental clean-up, $20 million to make needed open space improvements, and $50

million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest public funds in the project.

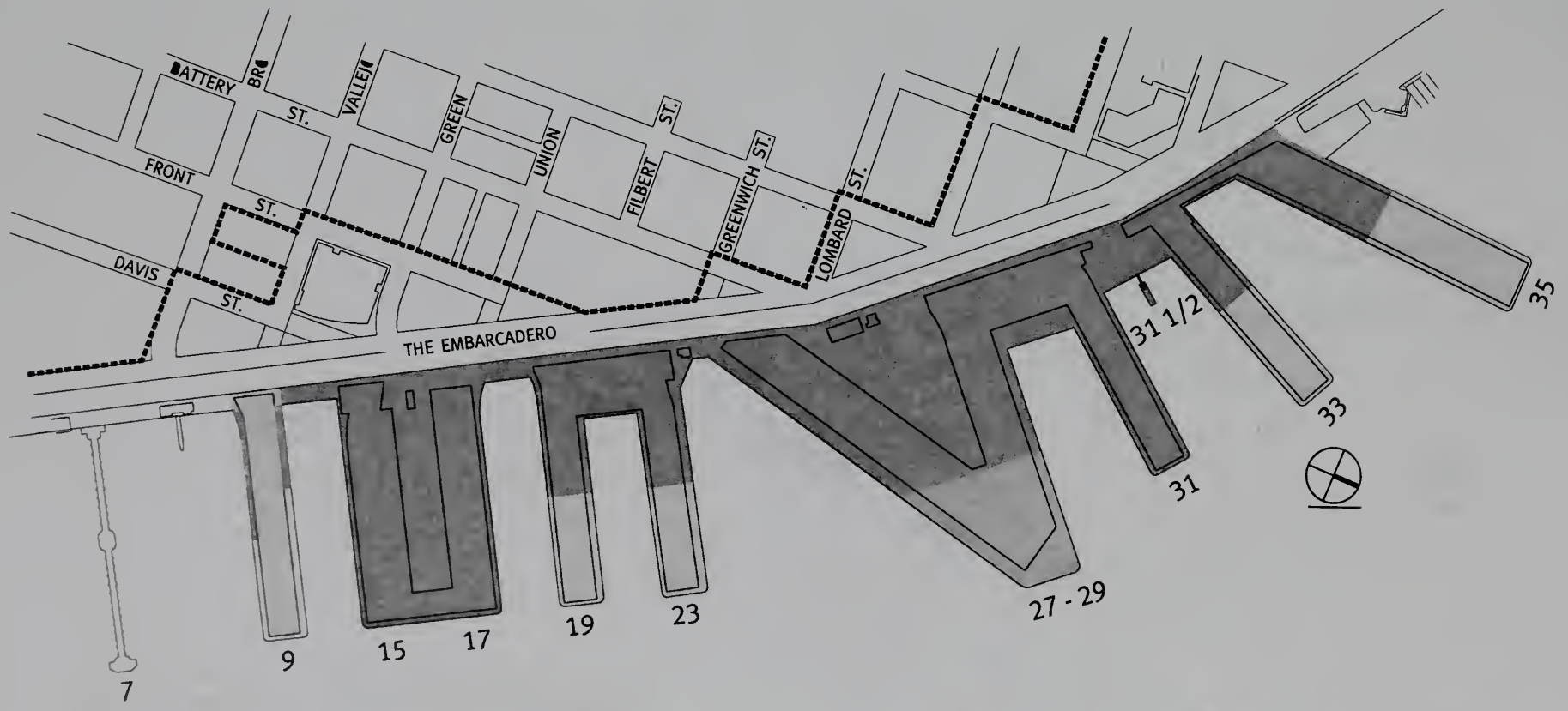
The Port is anticipating programming an additional $45 million in IFD bonds from the tax increment generated by the Seawall Lot (SWL) 337 to restore Pier 70's flagship structure, the Union Iron Works Building, for a future public use. As previously noted, the Port recently issued an RFQ to develop SWL 337 as a mixed use development. Assuming the Port successfully secures a development partner, development of SWL 337 should be completed by 2013. At that time, the development should generate approximately $6 million annually in possessory tax increment[3] to the IFD that would leverage $65 million in bond funds.

[3] This $6 million in tax increment revenues is in addition to (and corresponds to) the baseline expectation of $6 million in lease revenue growth anticipated from SWL 337. The Port has programmed lease revenue bond funds to several projects previously discussed in this report.

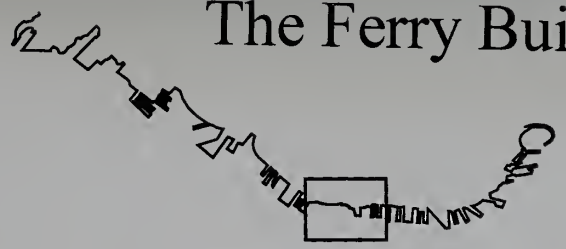
# Fisherman's Wharf

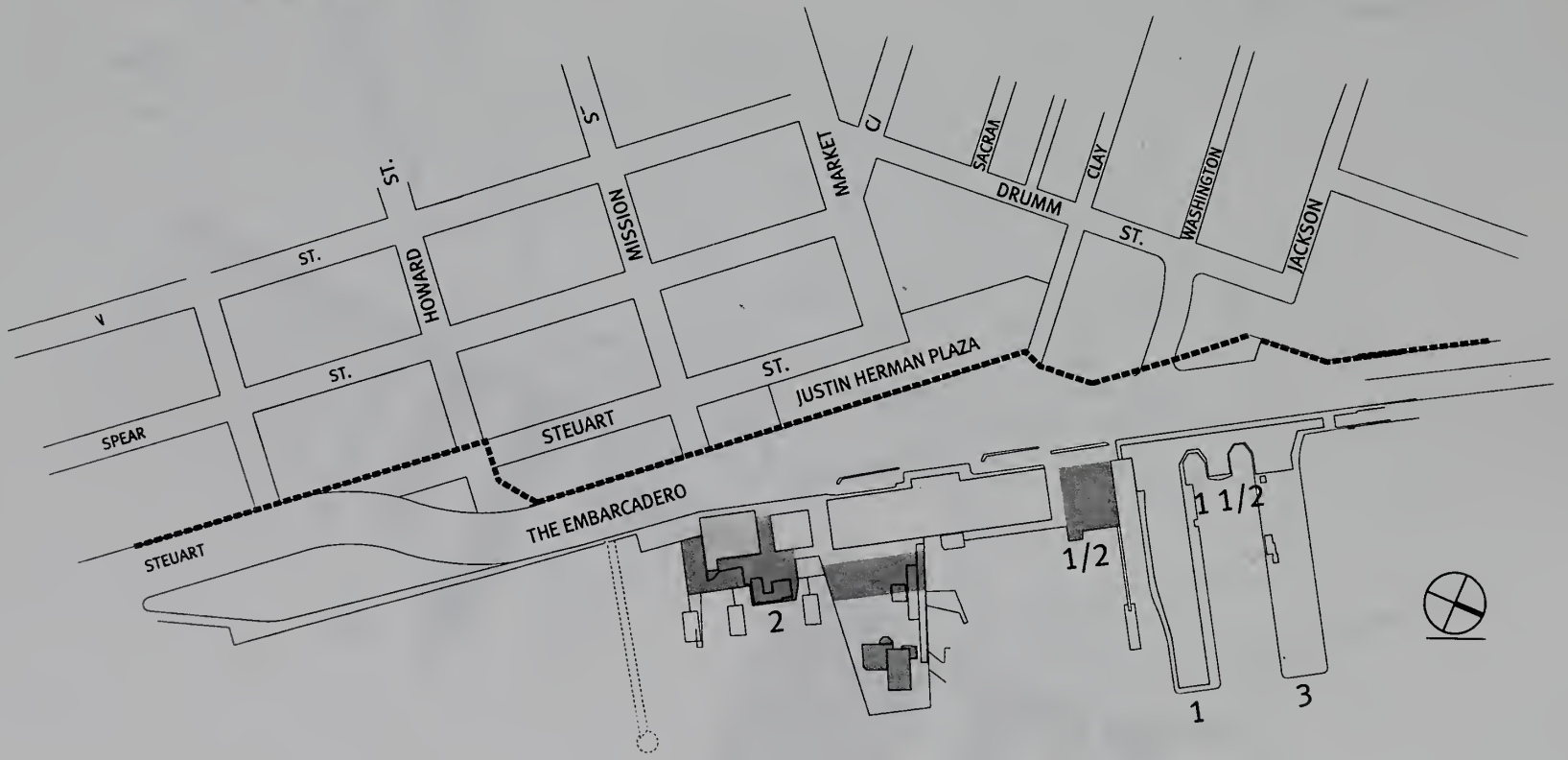


# The Northeast Waterfront



# The Ferry Building Area

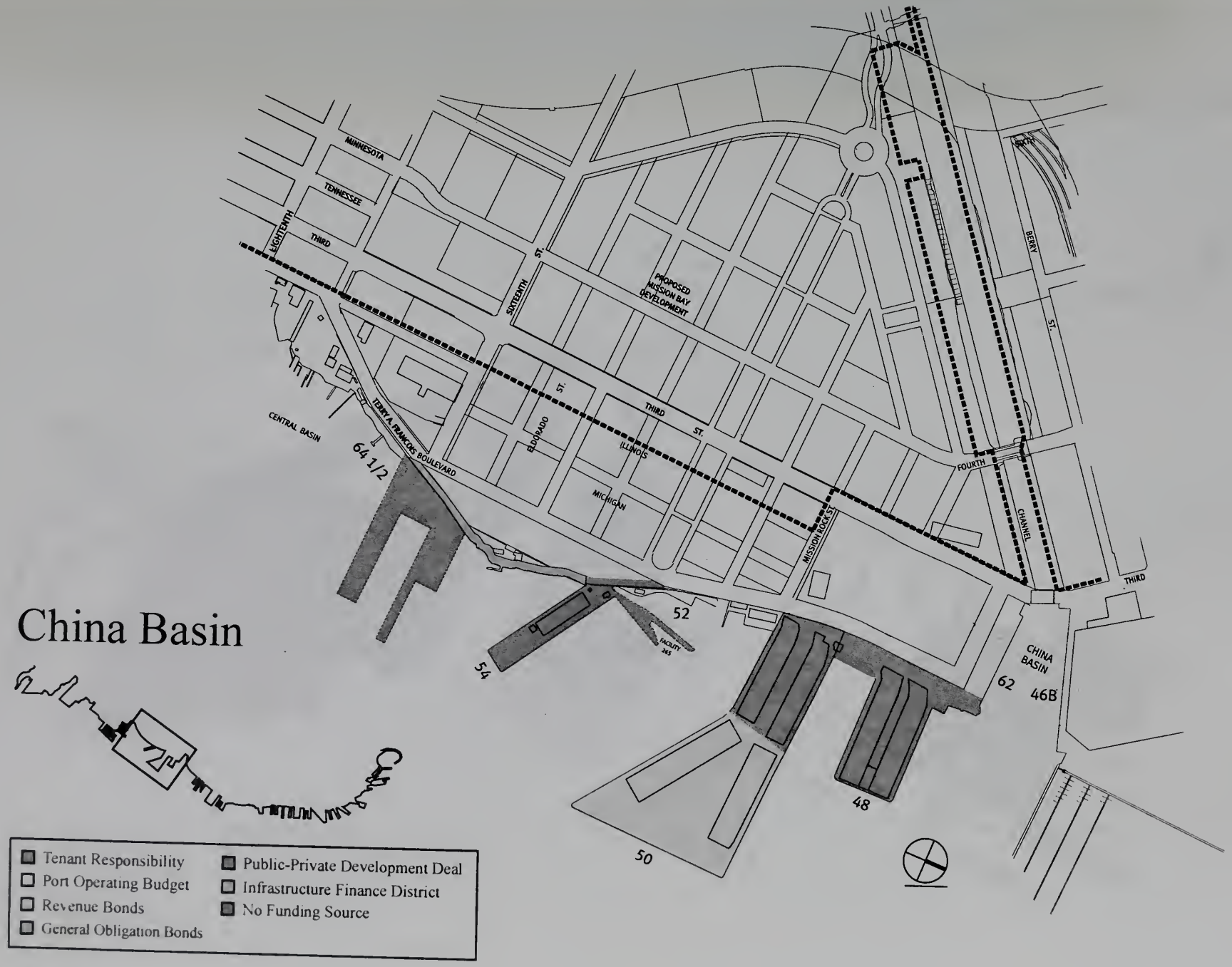





- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- General Obligation Bonds
- Public-Private Development Deal
- Infrastructure Finance District
- No Funding Source

# South Beach

CHINA BASIN
62
46B
KING
TOWNSEND
SECOND
BRANNAN
DELANCY
BRYANT
FREMONT
FOLSOM
HARRISON
BEALE
1ST.
MAIN
SPEAR
STEUART
THE EMBARCADERO
40
38
36
32
30
28
26
24
22 1/2
Tenant Responsibility
Port Operating Budget
Revenue Bonds
General Obligation Bonds
Public-Private Development Deal
Infrastructure Finance District
No Funding Source


China Basin
MINNESOTA
TENNESSEE
THIRD
ST.
SIXTEENTH
PROPOSED MISSION BAY DEVELOPMENT
BERRY
CENTRAL BASIN
TERRY A. FRANCOIS BOULEVARD
64 1/2
COLORADO
ILLINOIS
MICHIGAN
FOURTH
MISSION ROCK ST
CHANNEL
52
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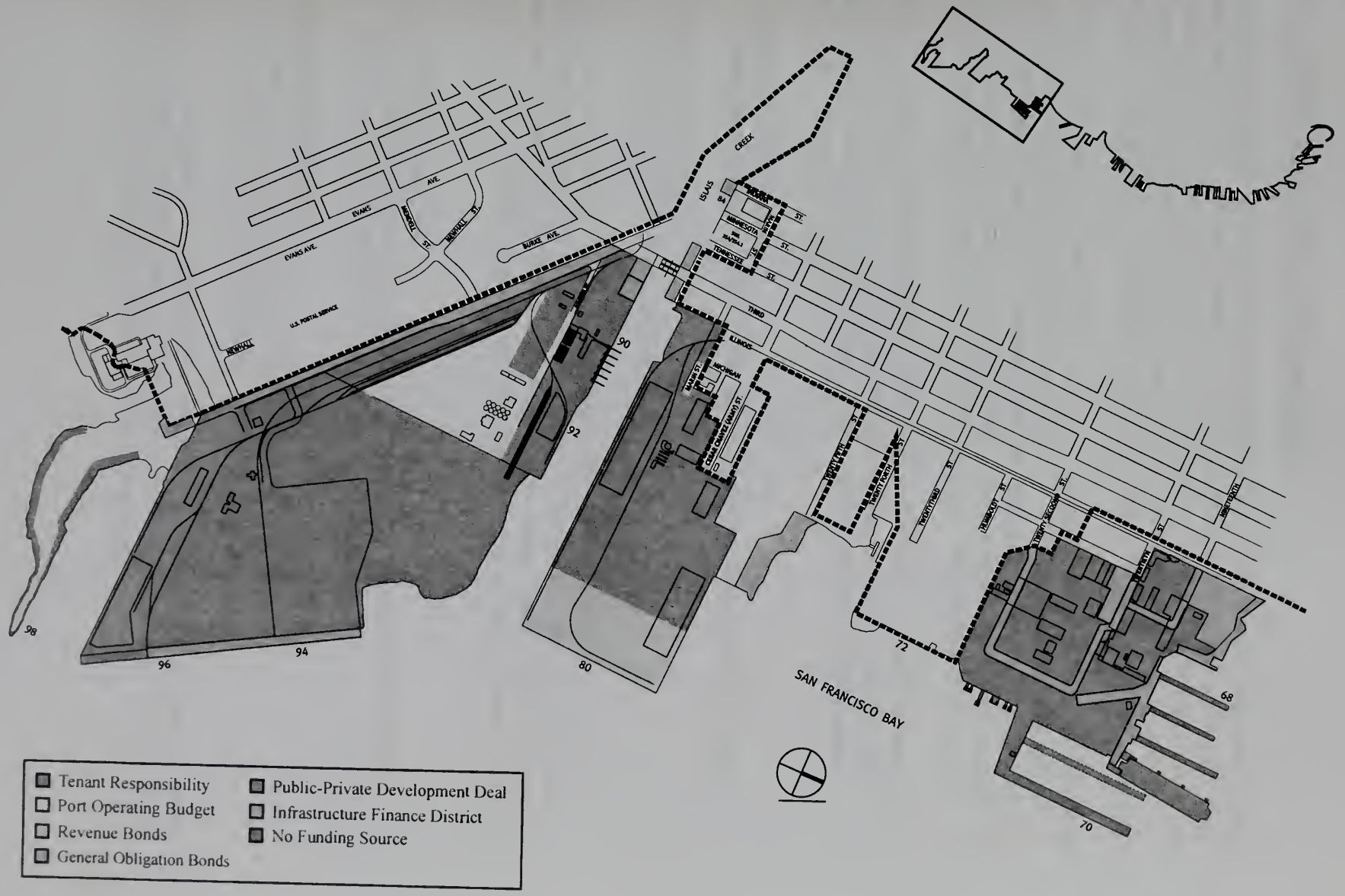
CHINA BASIN
Tenant Responsibility
Port Operating Budget
Revenue Bonds
General Obligation Bonds
Public-Private Development Deal
Infrastructure Finance District
No Funding Source

# The Southern Waterfront




- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- General Obligation Bonds
- Public-Private Development Deal
- Infrastructure Finance District
- No Funding Source

## V. SWL 337 Alternate Funding Scenarios

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result in 1) new lease revenues which will allow the Port to revenue-bond for an annual amount of $6 million, as well as 2) an increased value to the property, which will allow the Port to bond via the IFD for an additional $6 million annually. This assumption would provide the Port with $130 million in total bond funds.

While this is the Port's baseline assumption for this capital plan, Port staff have explored through financial models the possibility of SWL 337 development generating greater revenues. Because generation of lease revenue and increased property value go hand in hand, the Port has considered two scenarios where both increase by the same amount; $8 million in bonding from both sources and $10 million in bonding from both sources.

Under the scenario where the Port realizes $8 million annually from both revenues and the IFD, totaling $170 million in funding from bonds against that revenue (or, $40 million more than the Port's current baseline assumption), the Port would consider directing that funding as follows:

Increased Lease Revenue

- Additional funding to Piers 19-23 - $20 million (for a total of $38.6 million)

Increased IFD Revenue

- Portwide seawall repairs - $20 million

In addition to these projects, under the scenario where the Port realizes $10 million annually from both revenues and the IFD, totaling $210 million in funding from bonds against that revenue ($80 million more than the Port's current baseline, $40 million more than the $8 million scenario), the Port would consider directing that additional funding as follows:

Increased Lease Revenue

- Additional funding to Piers 33 / 35 - $12 million (for a total of $37 million)
- Historic wharf repairs at Fisherman's Wharf - $8 million

Increased IFD Revenue

- Amador Street and Backlands Infrastructure - $15 million
- Pier 52 Historic Rail Ferry Repairs - $5 million

While the Port maintains its current baseline, the number and magnitude of capital issues that could be addressed with a heavier investment in SWL 337 suggest a clear avenue for future efforts to address the Port's deferred maintenance backlog.

## VI. Unfunded (Deferred) and Emerging Needs

The Port's proposed ten-year capital plan defers a total of $1.1 billion in needs. The most significant deferred projects include the following Port facilities:

**Unfunded Projects**

| Region | Port Facility | Unfunded Portion to Repair & Seismically Upgrade |
|---|---|---|
| South Beach | Pier 26, office and warehouse space, pier substructure | $46,300,000 |
| | Pier 28, office and warehouse space, pier substructure | 31,000,000 |
| | Pier 38, maritime recreation facility near South Beach Harbor | 46,900,000 |
| China Basin | Pier 50, Shed D, the Port's Maintenance Facility, pier substructure | 17,200,000 |
| | Pier 48, currently parking and special events and storage for the Department of Elections | 12,600,000 |
| | Pier 54, office and warehouse space, pier substructure | 38,400,000 |
| Southern Waterfront | Pier 70 Campus, contains a vast array of historic structures | 297,000,000 |
| | Pier 80 Cargo Facility | 69,700,000 |

**Funding Options for Deferred Projects**

(a) ***Grant Funds*** – The Port may be able to secure grant funding for the rail tunnel notches and Quint Street improvements through the State's Proposition 1B Infrastructure Bond funds but not to help upgrade its facilities.

(b) ***Public/Private Partnerships*** – The Port believes Pier 33, Pier 35, Pier 26, Pier 48, and Pier 70 are good candidates for future development projects. The Port has issued an RFQ for SWL 337 development that could include Pier 48. However, it has not issued RFPs for the remaining piers nor has it secured approvals from various state agencies such as State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.

(c) ***No Identified Funding Options*** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay

## VII. Conclusions

The Port's first 10-Year Capital Plan in Spring 2006 demonstrated the magnitude of the Port's financial challaneges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting "public trust" use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A in Mission Bay – is approximately 14 acres.

Development of a portion of Lot A free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing be spent on preservation of historic resources on Port property or waterfront open space pursuant to the Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of Lot A into improvements throughout the waterfront. Consensus regarding the final development plan for Lot A and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including Lot A) will yield these improvements as early as FY 2013-14.

In an historic first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No), meaning that $33.5 million in waterfront open space projects approved by the Port Commission in the FY 2007-08 Capital Plan are, indeed, funded.

In 2005, the Port's Capital Plan seemed like (at best) a decades-long solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. Suddenly, it appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers within the next five years.

There are still considerable issues to be addressed in the Pier 70 area and other areas around the City's waterfront. However, the Port's newfound ability to utilize these new

public resources constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to develop plans for financing a new Cruise Terminal. We know that the State of California needs to begin contributing to its interests, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government likewise has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels. And the Port needs the support of the City's elected family to enact some of the financing strategies described in the FY 2008-09 Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

# Appendix A

In Thousands

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 0 | Leased Piers | Port Wide | | | $0 | $36,000 | | | $36,000 |
| 0 | Equipment | Basic | | | $0 | $0 | $8,227 | $0 | $8,227 |
| 0 | Port-wide Projects | Port Wide | | | $0 | $236,362 | $4,371 | $0 | $240,733 |
| 1001 | Downtown Ferry Terminal | Basic | 12,830 | $4,096 | $586 | $0 | $31,204 | $0 | $31,790 |
| 1005 | Pier 1/2 | Piers | 25,641 | $6,891 | $675 | $0 | $1,868 | $0 | $2,543 |
| 1010 | Pier 1 | Piers | 126,060 | $33,879 | $0 | $68 | | | $68 |
| 1010 | Pier 1 - Office Building | Basic | 151,563 | $62,436 | $0 | $2,160 | | | $2,160 |
| 1015 | Pier 1 1/2 - Bulkhead/Shed Building | Basic | 15,444 | $6,362 | $0 | $0 | | | $0 |
| 1020 | Pier 2 | Piers | 54,040 | $14,523 | $3,573 | $0 | $1,705 | $0 | $5,278 |
| 1030 | Pier 3 | Piers | 112,074 | $30,120 | $6,539 | $0 | $5,059 | $0 | $11,598 |
| 1030 | Pier 3 - Bulkhead/Shed Building | Basic | 24,950 | $10,278 | $0 | $0 | | | $0 |
| 1055 | Pier 5 1/2 - Bulkhead Building | Basic | 18,303 | $7,540 | $0 | $0 | | | $0 |
| 1070 | Pier 7 Public Pier | Piers | 31,300 | $8,412 | $0 | $0 | | | $0 |
| 1075 | Pier 7 - The Waterfront Restaurant | Basic | 6,054 | $1,933 | $108 | $250 | $138 | $0 | $496 |
| 1075 | Pier 7 1/2 | Piers | 21,200 | $5,698 | $0 | $0 | | | $0 |
| 1090 | Pier 9 | Piers | 129,522 | $34,809 | $9,872 | $0 | $8,170 | $0 | $18,042 |
| 1090 | Pier 9 Bulkhead/Shed Building | Basic | 128,657 | $53,000 | $7,705 | $2,770 | $2,916 | $0 | $13,392 |
| 1095 | Pier 9 1/2 | Piers | 8,398 | $2,257 | $644 | $0 | $530 | $0 | $1,174 |
| 1150 | Pier 15 | Piers | 202,986 | $54,552 | $13,687 | $109 | $12,804 | $0 | $26,601 |
| 1150 | Pier 15 - Bulkhead/Shed Building | Simple | 139,467 | $22,981 | $2,492 | $523 | $3,162 | $0 | $6,176 |
| 1155 | Pier 15/17 - Office on Marginal Wharf | Small | 1,576 | $201 | $0 | $0 | | | $0 |
| 1155 | Pier 15/17 Valley - demolition | Piers | 105,311 | $28,302 | $7,350 | $0 | | | $7,350 |
| 1170 | Pier 17 | Piers | 138,970 | $37,348 | $6,629 | $81 | $8,767 | $0 | $15,477 |
| 1170 | Pier 17 - Shed Building | Simple | 117,001 | $19,279 | $2,590 | $439 | $2,653 | $0 | $5,682 |
| 1175 | Pier 17 1/2 | Piers | 6,242 | $1,678 | $1,197 | $0 | $393 | $0 | $1,591 |
| 1190 | Pier 19 | Piers | 124,864 | $33,557 | $7,322 | $0 | $7,877 | $0 | $15,199 |
| 1190 | Pier 19 - Bulkhead/Shed Building | Simple | 94,005 | $15,490 | $931 | $352 | $2,223 | $0 | $3,507 |
| 1195 | Pier 19 1/2 | Piers | 37,289 | $10,021 | $4,291 | $0 | $2,352 | $0 | $6,643 |
| 1195 | Pier 19 1/2 - Bulkhead/Shed | Simple | 43,200 | $7,118 | $345 | $296 | $994 | $0 | $1,636 |
| 1225 | Pier 22 1/2 | Piers | 13,144 | $3,532 | $1,915 | $7 | $829 | $0 | $2,751 |
| 1225 | Pier 22 1/2 - Fire Station | Basic | 4,960 | $2,043 | $413 | $148 | $113 | $0 | $674 |
| 1225 | Pier 22 1/2 - Maintenance / Recreation | Small | 1,974 | $252 | $0 | $0 | | | $0 |
| 1230 | Pier 23 | Piers | 132,936 | $35,727 | $5,098 | $0 | $8,386 | $0 | $13,484 |
| 1230 | Pier 23 - Bulkhead/Shed Building | Simple | 100,567 | $16,571 | $1,117 | $566 | $2,280 | $0 | $3,962 |
| 1235 | Pier 23 1/2 | Piers | 6,171 | $1,658 | $2,367 | $0 | $389 | $0 | $2,756 |
| 1235 | Pier 23 1/2 Pier 23 Cafe | Small | 1,646 | $210 | $0 | $0 | | | $0 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1245 | Pier 24 1/2 | Piers | 32,378 | $8,702 | $3,643 | $0 | $2,855 | $0 | $6,499 |
| 1245 | Pier 24 1/2 -Bulkhead/Shed Building | Simple | 28,000 | $4,614 | $507 | $0 | $635 | $0 | $1,143 |
| 1260 | Pier 26 | Piers | 156,589 | $42,083 | $12,457 | $0 | $28,437 | $0 | $40,894 |
| 1260 | Pier 26 - Bulkhead/Shed | Simple | 128,834 | $21,229 | $1,747 | $722 | $2,921 | $0 | $5,390 |
| 1265 | Pier 26 1/2 | Piers | 31,400 | $8,439 | $2,745 | $0 | $2,213 | $0 | $4,959 |
| 1265 | Pier 26.5 - Bulkhead | Basic | 27,300 | $11,246 | $997 | $1,082 | $619 | $0 | $2,699 |
| 1270 | Pier 27 | Piers | 420,690 | $113,060 | $418 | $361 | $36,746 | $0 | $37,525 |
| 1270 | Pier 27 - Office Annex | Small | 3,552 | $454 | $0 | $490 | | | $490 |
| 1270 | Pier 27 Shed Building | Simple | 215,558 | $27,529 | $2,133 | $2,478 | $2,310 | $0 | $6,921 |
| 1280 | Pier 28 | Piers | 104,896 | $28,191 | $8,001 | $0 | $19,210 | $0 | $27,211 |
| 1280 | Pier 28 - Bulkhead/Shed Building | Simple | 77,088 | $12,702 | $1,764 | $231 | $1,748 | $0 | $3,743 |
| 1285 | Pier 28 1/2 | Piers | 4,738 | $1,273 | $545 | $0 | $299 | $0 | $844 |
| 1285 | Pier 28 1/2 - Hidive Restaurant | Small | 1,307 | $167 | $0 | $180 | | | $180 |
| 1290 | Pier 29 | Piers | 225,374 | $60,569 | $14,634 | $0 | $15,257 | $0 | $29,891 |
| 1290 | Pier 29 - *Bulkhead/Shed Building | Simple | 155,279 | $25,587 | $3,537 | $349 | $3,521 | $0 | $7,407 |
| 1295 | Pier 29 1/2 - Bulkhead Building | Simple | 52,650 | $8,676 | $1,067 | $118 | $1,193 | $0 | $2,378 |
| 1310 | Pier 31 | Piers | 128,785 | $34,611 | $9,435 | $0 | $13,430 | $0 | $22,865 |
| 1310 | Pier 31 - Bulkhead/Shed Building | Simple | 95,375 | $15,716 | $2,351 | $936 | $2,161 | $0 | $5,448 |
| 1315 | Pier 31 1/2 | Piers | 38,549 | $10,360 | $2,958 | $0 | $2,432 | $0 | $5,389 |
| 1320 | Pier 30 and 32 | Piers | 542,657 | $145,839 | $20,811 | $97 | $52,678 | $0 | $73,586 |
| 1325 | Pier 32 1/2 Marginal Wharf (Brannon St) | Piers | 9,771 | $2,626 | $0 | $0 | $23,005 | $0 | $23,005 |
| 1330 | Pier 33 | Piers | 136,810 | $36,768 | $5,247 | $0 | $8,746 | $0 | $13,993 |
| 1330 | Pier 33 - Bulkhead/Shed Building | Simple | 112,840 | $18,594 | $2,312 | $423 | $2,021 | $0 | $4,756 |
| 1335 | Pier 33 1/2 - Bulkhead Building | Basic | 16,452 | $6,777 | $1,232 | $509 | $373 | $0 | $2,115 |
| 1350 | Pier 35 - Bulkhead/Shed Building | Basic | 169,976 | $70,021 | $4,040 | $12,568 | $4,144 | $0 | $20,753 |
| 1350 | Pier 35 Cruise Terminal | Piers | 210,225 | $56,498 | $12,195 | $112 | $14,431 | $0 | $26,738 |
| 1355 | Pier 35 1/2 | Piers | 67,270 | $18,079 | $0 | $0 | $4,168 | $0 | $4,168 |
| 1360 | Pier 36 (to be demolished) | Piers | 138,803 | $37,303 | $112 | $0 | | | $112 |
| 1360 | Pier 36 - Bulkhead Building/Shed | Simple | 36,050 | $5,940 | $785 | $81 | $817 | $0 | $1,683 |
| 1380 | Pier 38 | Piers | 150,030 | $40,321 | $29,013 | $0 | $13,063 | $0 | $42,076 |
| 1380 | Pier 38 - Bulkhead/Shed Building | Simple | 111,220 | $18,327 | $250 | $2,044 | $2,522 | $0 | $4,816 |
| 1385 | Pier 38 1/2 | Piers | 6,600 | $1,774 | $506 | $0 | $416 | $0 | $922 |
| 1390 | Pier 39 - Retail Shops | Basic | 261,972 | $83,641 | $3,346 | $12,061 | $5,939 | $0 | $21,346 |
| 1390 | Pier 39 - Underwater World | Basic | 18,900 | $6,034 | $0 | $406 | | | $406 |
| 1400 | Pier 40 | Piers | 96,456 | $25,923 | $17,031 | $0 | $8,399 | $0 | $25,430 |
| 1400 | Pier 40 - Shed Building | Simple | 46,063 | $7,590 | $215 | $245 | $1,044 | $0 | $1,503 |
| 1400 | Pier 40 Restaurant & Robert Steck Chandelry | Basic | 3,990 | $1,644 | $0 | $211 | $182 | $0 | $393 |
| 1405 | Pier 40 1/2 (S Beach Harbor Wharf) | Piers | 58,308 | $15,670 | $2,236 | $0 | $368 | $0 | $2,604 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1405 | Pier 40 1/2 - Java House | Small | 1,104 | $141 | $0 | $0 | | | $0 |
| 1415 | Pier 41 1/2 - Blue&Gold Bldg. | Basic | 14,793 | $4,723 | $0 | $412 | $335 | $0 | $747 |
| 1430 | Pier 43 | Piers | 15,470 | $4,158 | $90 | $0 | $244 | $0 | $334 |
| 1430 | Pier 43 - Arch | Small | 1,500 | $192 | $0 | $207 | | | $207 |
| 1435 | Pier 43 1/2 | Piers | 131,513 | $35,344 | $1,767 | $0 | $12,569 | $0 | $14,336 |
| 1435 | Pier 43 1/2 - Franciscan Restaurant | Basic | 14,330 | $4,575 | $183 | $660 | $325 | $0 | $1,167 |
| 1435 | Pier 43 1/2 - Red & White Tours | Small | 425 | $54 | $0 | $0 | | | $0 |
| 1435 | Pier 43 1/2 - Taits/Patio Sandwhich Shop | Small | 707 | $90 | $0 | $45 | | | $45 |
| 1450 | Pier 45 | Piers | 284,473 | $76,452 | $1,093 | $1,034 | $140 | $0 | $2,267 |
| 1450 | Pier 45 - Shed A | Simple | 72,580 | $11,960 | $426 | $1,131 | $2,110 | $0 | $3,667 |
| 1450 | Pier 45 - Shed B | Simple | 72,963 | $12,023 | $428 | $1,137 | $1,654 | $0 | $3,219 |
| 1450 | Pier 45 - Shed C | Simple | 74,311 | $12,245 | $492 | $465 | $4,491 | $0 | $5,449 |
| 1450 | Pier 45 - Shed D | Simple | 65,928 | $10,863 | $387 | $1,076 | $1,494 | $0 | $2,958 |
| 1461 | Pier 46B China Basin Ferry Terminal | Piers | 100,000 | $26,875 | $739 | $0 | $8,214 | $0 | $8,953 |
| 1470 | Pier 47 - Guardinos Storage Bldg | Small | 768 | $98 | $0 | $0 | | | $0 |
| 1470 | Pier 47 - Scoma / Fish Prep Bldg | Small | 713 | $91 | $0 | $46 | | | $46 |
| 1470 | Pier 47 - Scoma Storage Bldg | Small | 1,247 | $159 | $0 | $0 | | | $0 |
| 1470 | Pier 47 - Scomas Restaurant | Basic | 11,001 | $3,512 | $0 | $299 | $282 | $0 | $580 |
| 1470 | Pier 47 - Scomas Storage Shed | Small | 270 | $34 | $0 | $17 | | | $17 |
| 1470 | Pier 47 - Wharf J6, J7, J8 | Piers | 55,835 | $15,006 | $1,627 | $659 | $3,522 | $0 | $5,808 |
| 1470 | Pier 47 WF Albert Seafoods Proc Bldg | Simple | 6,525 | $833 | $92 | $19 | $148 | $0 | $259 |
| 1480 | Pier 48 | Piers | 250,747 | $67,388 | $6,766 | $1,305 | $1,233 | $0 | $9,303 |
| 1480 | Pier 48 - Shed A | Simple | 84,649 | $13,948 | $1,421 | $181 | | | $1,602 |
| 1480 | Pier 48 - Shed B | Simple | 86,954 | $14,328 | $1,459 | $186 | | | $1,645 |
| 1485 | Pier 48 1/2 - Jellys restaurant | Small | 3,657 | $467 | $0 | $0 | | | $0 |
| 1490 | Pier 49 - Aliotos Restaurant (Wharf J-1) | Basic | 12,093 | $3,861 | $0 | $591 | $274 | $0 | $865 |
| 1490 | Pier 49 - Fishermans Grotto No. 9 (Wharf J-1) | Basic | 18,796 | $6,001 | $0 | $948 | $426 | $0 | $1,374 |
| 1490 | Pier 49 - Fishermans Memorial Chapel | Small | 1,002 | $128 | $0 | $0 | | | $0 |
| 1490 | Pier 49 - Guardinos (Wharf J-1) | Small | 1,040 | $133 | $0 | $66 | | | $66 |
| 1490 | Pier 49 - Sabella & Latorre (Wharf J-1) | Small | 2,840 | $363 | $0 | $181 | | | $181 |
| 1490 | Pier 49 - Tarantinos Restaurant (Wharf J-1) | Basic | 7,153 | $2,284 | $0 | $194 | $162 | $0 | $356 |
| 1490 | Pier 49 - The Crab Station (Wharf J-1) | Small | 480 | $61 | $0 | $31 | | | $31 |
| 1490 | Pier 49 Nicks Lighthouse (Wharf J-1) | Small | 2,238 | $286 | $0 | $0 | | | $0 |
| 1490 | Wharfs J-1 and J-3 (Pier 49) | Piers | 59,210 | $15,913 | $0 | $699 | $2,689 | $0 | $3,388 |
| 1500 | Pier 50 | Piers | 438,696 | $117,900 | $24,819 | $1,522 | $16,080 | $0 | $42,421 |
| 1500 | Pier 50 - Shed A | Simple | 74,516 | $12,279 | $1,255 | $813 | $1,690 | $0 | $3,758 |
| 1500 | Pier 50 - Shed B | Simple | 75,592 | $12,456 | $1,131 | $0 | $1,714 | $0 | $2,845 |
| 1500 | Pier 50 - Shed C | Simple | 91,179 | $15,024 | $1,234 | $416 | $2,059 | $0 | $3,709 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1500 | Pier 50 - Shed D | Simple | 104,826 | $17,273 | $1,222 | $885 | $2,633 | $0 | $4,740 |
| 1505 | Pier 50 1/2 | Piers | 4,806 | $1,292 | $0 | $0 | $303 | $0 | $303 |
| 1520 | Pier 52 | Piers | 30,200 | $8,116 | $0 | $0 | $3,483 | $0 | $3,483 |
| 1540 | Pier 54 | Piers | 114,632 | $30,807 | $26,386 | $0 | $10,457 | $0 | $36,843 |
| 1540 | Pier 54 - Office Bldg | Small | 3,344 | $427 | $461 | $0 | | | $461 |
| 1540 | Pier 54 - Oil Shed | Small | 798 | $102 | $110 | $0 | | | $110 |
| 1540 | Pier 54 - Shed Building | Simple | 24,636 | $4,059 | $340 | $0 | $559 | $0 | $899 |
| 1540 | Pier 54 - Storage Shed | Small | 266 | $34 | $0 | $37 | | | $37 |
| 1600 | Pier 60 - Wharf - wood piles | Piers | 6,447 | $1,733 | $939 | $0 | $406 | $0 | $1,346 |
| 1600 | Pier 60 - Wharf Carmens Restaurant | Small | 1,732 | $221 | $111 | $0 | | | $111 |
| 1620 | Third Street Bridge House | Small | 322 | $41 | $0 | $0 | | | $0 |
| 1640 | Pier 64 | Piers | 1,000 | $269 | $2,322 | $0 | $1,506 | $0 | $3,828 |
| 1645 | Pier 64 1/2 Kelly Mission Rock Resort Restnt | Basic | 10,000 | $3,193 | $0 | $0 | | | $0 |
| 1680 | Pier 68 | Piers | 176,764 | $47,505 | $6,109 | $33,254 | $22,185 | $0 | $61,548 |
| 1680 | Pier 70 - Pier 68 - Bathrooms Bldg. #141 | Small | 800 | $102 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #5 | Small | 600 | $77 | $83 | $0 | | | $83 |
| 1680 | Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30 | Small | 4,686 | $598 | $0 | $647 | | | $647 |
| 1680 | Pier 70 - Pier 68 - Blast Shed Bldg. #150 | Small | 600 | $77 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Boiler/Steam Power House - #103 | Small | 1,860 | $238 | $0 | $257 | $186 | $0 | $442 |
| 1680 | Pier 70 - Pier 68 - Building #149 | Small | 600 | $77 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38 | Simple | 30,546 | $5,033 | $690 | $0 | $5,169 | $0 | $5,859 |
| 1680 | Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122 | Small | 1 | $0 | $0 | $0 | $152 | $0 | $152 |
| 1680 | Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123 | Small | 1 | $0 | $0 | $0 | $73 | $0 | $74 |
| 1680 | Pier 70 - Pier 68 - Equipment Building #36 | Simple | 12,050 | $1,986 | $229 | $86 | $2,108 | $0 | $2,423 |
| 1680 | Pier 70 - Pier 68 - Machine Shop - Bldg. #105 | Simple | 20,111 | $3,314 | $424 | $38 | $3,396 | $0 | $3,859 |
| 1680 | Pier 70 - Pier 68 - Office Bldg (#127) | Small | 2,304 | $294 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #4 | Basic | 11,800 | $4,861 | $1,230 | $0 | $268 | $0 | $1,498 |
| 1680 | Pier 70 - Pier 68 - Office Building #101 | Basic | 56,268 | $23,179 | $5,167 | $519 | $23,638 | $0 | $29,325 |
| 1680 | Pier 70 - Pier 68 - Office Building #104 | Basic | 37,641 | $15,506 | $3,595 | $0 | $16,021 | $0 | $19,617 |
| 1680 | Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111 | Basic | 41,500 | $17,096 | $5,021 | $1,142 | $9,022 | $0 | $15,185 |
| 1680 | Pier 70 - Pier 68 - Ops. Bldg #102 | Basic | 8,428 | $3,472 | $704 | $151 | $769 | $0 | $1,624 |
| 1680 | Pier 70 - Pier 68 - Pipe Rack, Bldg. #120 | Small | 1 | $0 | $0 | $0 | $39 | $0 | $39 |
| 1680 | Pier 70 - Pier 68 - Pipe Storage Bldg #107 | Small | 2,880 | $368 | $0 | $184 | | | $184 |
| 1680 | Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109 | Simple | 82,099 | $13,528 | $778 | $867 | $433 | $0 | $2,079 |
| 1680 | Pier 70 - Pier 68 - Shipwright Building -#108 | Basic | 46,638 | $19,212 | $5,087 | $215 | $9,209 | $0 | $14,511 |
| 1680 | Pier 70 - Pier 68 - Steel Shop Office (bldg #121) | Small | 615 | $79 | $0 | $85 | | | $85 |
| 1680 | Pier 70 - Pier 68 - Substation #4 (bldg #58) | Small | 820 | $105 | $0 | $113 | $121 | $0 | $234 |
| 1680 | Pier 70 - Pier 68 - Substation #6, Bldg. #64 | Small | 2,000 | $255 | $276 | $0 | $867 | $0 | $1,143 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1680 | Pier 70 - Pier 68 - Substation #7 (bldg #68) | Small | 1,440 | $184 | $0 | $199 | $67 | $0 | $266 |
| 1680 | Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #4 | Simple | 10,000 | $1,648 | $80 | $109 | $21 | $0 | $210 |
| 1680 | Pier 70 - Pier 68 - Yard Washroom, Bldg. #110 | Small | 3,925 | $501 | $542 | $0 | $656 | $0 | $1,197 |
| 1680 | Pier 70 - Pier 68 - Yard Washroom, Bldg. #119 | Small | 1,440 | $184 | $199 | $0 | | | $199 |
| 1680 | Pier 70 - Pier 68 - near checkhouse #2, Building #51 | Small | 400 | $51 | $55 | $0 | | | $55 |
| 1700 | Pier 70 | Piers | 145,644 | $39,142 | $42,708 | $0 | $82,336 | $0 | $125,044 |
| 1800 | Pier 80 | Piers | 376,757 | $101,253 | $7,744 | $2,264 | $52,308 | $0 | $62,316 |
| 1800 | Pier 80 - Entry Canopy | Simple | 11,040 | $1,410 | $81 | $0 | $250 | $0 | $332 |
| 1800 | Pier 80 - Gear & Maintenance Building | Simple | 39,000 | $4,981 | $448 | $125 | $885 | $0 | $1,458 |
| 1800 | Pier 80 - Office Bldg #2 | Small | 1,406 | $180 | $0 | $90 | | | $90 |
| 1800 | Pier 80 - Service Building | Simple | 81,000 | $10,345 | $931 | $1,034 | $703 | $0 | $2,669 |
| 1800 | Pier 80 - Shed A | Simple | 224,328 | $28,649 | $788 | $4,441 | $19,830 | $0 | $25,058 |
| 1800 | Pier 80 - Shed D | Simple | 169,113 | $21,597 | $594 | $3,024 | $3,835 | $0 | $7,452 |
| 1800 | Pier 80 - Terminal Office | Small | 3,552 | $454 | $227 | $0 | | | $227 |
| 1800 | Pier 80 Office Bldg #1 | Small | 1,406 | $180 | $0 | $90 | | | $90 |
| 1840 | Copra Crane | Basic | 2,000 | $824 | $702 | $0 | | | $702 |
| 1900 | Pier 90 | Piers | 133,485 | $35,874 | $9,055 | $0 | | | $9,055 |
| 1900 | Pier 90 - Fire Department Building | Basic | 2,925 | $934 | $63 | $105 | $142 | $0 | $309 |
| 1900 | Pier 90 - Maintenance Bldg | Small | 1,260 | $161 | $0 | $80 | | | $80 |
| 1900 | Pier 90 - Old Powerhouse | Small | 1,576 | $201 | $0 | $0 | | | $0 |
| 1900 | Pier 90 - Storage Bldg | Small | 468 | $60 | $0 | $30 | | | $30 |
| 1900 | Pier 90 - Truck Pits | Small | 1,305 | $167 | $0 | $83 | | | $83 |
| 1920 | Pier 92 | Piers | 141,836 | $38,118 | $3,459 | $0 | | | $3,459 |
| 1940 | Pier 94 - 96 wharf area | Piers | 191,500 | $51,466 | $4,307 | $0 | $12,856 | $0 | $17,163 |
| 1940 | Pier 94 - Wharfside Building | Small | 800 | $102 | $0 | $0 | | | $0 |
| 1960 | Pier 96 - Administration Building | Basic | 15,565 | $4,970 | $780 | $149 | $353 | $0 | $1,282 |
| 1960 | Pier 96 - Bounty Restaurant | Basic | 5,880 | $1,877 | $674 | $30 | $133 | $0 | $838 |
| 1960 | Pier 96 - Entry Canopy | Simple | 10,000 | $1,277 | $51 | $115 | $227 | $0 | $393 |
| 1960 | Pier 96 - Exit Canopy | Simple | 5,950 | $760 | $44 | $68 | $134 | $0 | $246 |
| 1960 | Pier 96 - Flammable Liquids Bldg | Small | 324 | $41 | $21 | $0 | | | $21 |
| 1960 | Pier 96 - Gatehouse Bldg | Small | 2,904 | $371 | $0 | $0 | | | $0 |
| 1960 | Pier 96 - Maintenance Building | Basic | 25,320 | $8,084 | $404 | $129 | $687 | $0 | $1,220 |
| 1960 | Pier 96 - Office/Restroom | Small | 1,716 | $219 | $0 | $110 | | | $110 |
| 1960 | Pier 96 - Recycling/LASH Terminal | Simple | 186,604 | $23,831 | $1,370 | $1,013 | $4,230 | $0 | $6,613 |
| 1960 | Pier 96 - Storage | Small | 1,922 | $245 | $0 | $123 | | | $123 |
| 1960 | Pier 96 - Truck Scales | Small | 500 | $64 | $0 | $32 | | | $32 |
| 1980 | Herons Head Park | Basic | 809,500 | $258,453 | $155 | $0 | $174 | $0 | $329 |
| 2000 | Fac. 2000 - Ferry Plaza | Piers | 126,225 | $33,923 | $488 | $301 | $3,483 | $0 | $4,273 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2275 | Pier 27 - Office/Admin Building | Basic | 11,800 | $3,767 | $615 | $196 | $277 | $0 | $1,088 |
| 2500 | Hyde Street Pier - Storage Buildings (3) | Small | 2,000 | $255 | $0 | $0 | | | $0 |
| 2505 | Pier 50 Administration Building | Basic | 15,650 | $6,447 | $1,114 | $473 | $442 | $0 | $2,028 |
| 2740 | Fac. 200 - World Trade Club Restaurant | Basic | 30,048 | $9,594 | $0 | $1,535 | $682 | $0 | $2,217 |
| 2750 | Fac. 274-175 - Ferry Building Clock Tower | Basic | 12,250 | $5,046 | $0 | $175 | $277 | $0 | $452 |
| 2750 | Fac. 274-275 Ferry Building | Basic | 298,488 | $122,961 | $0 | $4,255 | $6,767 | $0 | $11,022 |
| 2750 | Ferry Building: Fac. 274 - 275 | Piers | 122,343 | $32,880 | $0 | $0 | | | $0 |
| 2770 | Pier 2 - Sinbads | Basic | 6,350 | $2,027 | $105 | $548 | $144 | $0 | $797 |
| 2780 | Fac. 278 Agriculture Bldg Substructure | Piers | 38,000 | $10,213 | $4,373 | $0 | $2,397 | $0 | $6,770 |
| 2780 | Fac. 278 Agriculture Building | Basic | 22,186 | $9,139 | $2,355 | $611 | $503 | $0 | $3,469 |
| 2800 | Pier 80 Administration Building | Basic | 44,008 | $14,051 | $2,068 | $2,473 | $1,781 | $0 | $6,322 |
| 3010 | SWL 301 - Andre Boudin Pavilion | Small | 2,945 | $376 | $0 | $0 | $1,393 | $0 | $1,393 |
| 3010 | SWL 301 - Andre Boudin Restaurant | Basic | 10,000 | $3,193 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Alioto Fish Co. | Basic | 15,820 | $5,051 | $0 | $218 | $359 | $0 | $577 |
| 3020 | SWL 302 - Castagnola/Storage Bldg | Small | 1,721 | $220 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Crab Boat Owners Asso. | Basic | 2,717 | $1,119 | $430 | $0 | $61 | $0 | $491 |
| 3020 | SWL 302 - Firewood Cafe | Basic | 4,000 | $1,277 | $0 | $55 | $90 | $0 | $145 |
| 3020 | SWL 302 - Pompeis Grotto | Basic | 4,140 | $1,322 | $0 | $95 | $94 | $0 | $189 |
| 3020 | SWL 302 - Port Harbor Office | Small | 760 | $97 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Scomas (Smoke House) | Basic | 4,805 | $1,534 | $0 | $0 | $109 | $0 | $109 |
| 3020 | SWL 302 - United Shellfish Warehouse | Small | 2,310 | $295 | $0 | $148 | | | $148 |
| 3020 | SWL 302 Castagnola Rest. | Basic | 14,806 | $4,727 | $0 | $747 | $335 | $0 | $1,082 |
| 3020 | SWL 302 Coast Marine Supply Mat. Storage Bldg | Simple | 20,915 | $2,671 | $0 | $127 | $474 | $0 | $601 |
| 3020 | SWL 302 Costal Marine Retail Space | Small | 3,640 | $465 | $0 | $0 | | | $0 |
| 3020 | SWL 302 D&G Co. d.b.a. Lou Blues | Small | 3,684 | $470 | $0 | $0 | | | $0 |
| 3020 | SWL 302 Franks Fisherman Supply | Basic | 8,183 | $2,613 | $0 | $300 | $186 | $0 | $486 |
| 3020 | SWL 302 Substructure (Wharf J-9) | Piers | 26,427 | $7,102 | $4,188 | $312 | $1,586 | $0 | $6,086 |
| 3020 | SWL 302 United Shellfish Processing | Simple | 1,714 | $219 | $0 | $10 | $39 | $0 | $49 |
| 3020 | Street - Pier 47, Fish Alley, Al Scoma Way | Street | 26,820 | $28,832 | $322 | $0 | | | $322 |
| 3030 | SWL 302 Cal Shell Fish Shed | Small | 1,470 | $188 | $0 | $0 | | | $0 |
| 3030 | SWL 303 - Alioto Fish Co, | Basic | 7,363 | $2,351 | $0 | $205 | $167 | $0 | $372 |
| 3030 | SWL 303 - Cal Shell Fish | Basic | 4,885 | $1,560 | $0 | $231 | $111 | $0 | $342 |
| 3030 | SWL 303 - Cioppinos/(Hoppe) | Basic | 11,442 | $3,653 | $0 | $406 | $259 | $0 | $665 |
| 3030 | SWL 303 - Franceschis Restaurant | Basic | 3,712 | $1,185 | $0 | $101 | $84 | $0 | $185 |
| 3030 | SWL 303 - GP Resources | Small | 416 | $53 | $0 | $27 | | | $27 |
| 3030 | SWL 303 - SP Trantino/Martell Ins | Small | 3,024 | $386 | $0 | $0 | | | $0 |
| 3030 | SWL 303 - The Bay Company, Hoppe, Arthur N. | Basic | 8,339 | $2,662 | $0 | $226 | $189 | $0 | $416 |
| 3030 | Street - Hyde Alley, Fish Alley | Street | 19,900 | $21,393 | $239 | $0 | $174 | $0 | $413 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 3110 | SWL 311 Pier 39 Garage | Simple | 242,304 | $14,778 | $0 | $464 | $5,493 | $0 | $5,957 |
| 3130 | SWL 313 Embarcadero Triangle Lot Assn. | Simple | 114,900 | $14,674 | $0 | $1,284 | $2,605 | $0 | $3,889 |
| 3150 | SWL 315 Office Bulding (HHC Investment limited) | Basic | 132,316 | $42,245 | $0 | $2,839 | $3,000 | $0 | $5,839 |
| 3150 | SWL 315 Parking Structure | Simple | 153,960 | $9,390 | $0 | $442 | $3,491 | $0 | $3,933 |
| 3160 | SWL 316 Houstons Restaurant | Basic | 12,622 | $4,030 | $0 | $161 | $286 | $0 | $447 |
| 3170 | SWL 317 Office Building | Basic | 145,248 | $46,374 | $0 | $5,157 | $3,293 | $0 | $8,450 |
| 3180 | SWL 318 Roundhouse One | Basic | 20,130 | $8,292 | $0 | $585 | $457 | $0 | $1,042 |
| 3180 | SWL 318 Roundhouse Two | Basic | 27,340 | $8,729 | $1,032 | $912 | $620 | $0 | $2,564 |
| 3180 | SWL 318 Sandhouse | Small | 1,440 | $184 | $0 | $0 | | | $0 |
| 3190 | SWL 319 Fog City Diner | Basic | 4,644 | $1,483 | $0 | $184 | $105 | $0 | $290 |
| 3220 | SWL 322 ABC TV | Basic | 169,620 | $54,155 | $0 | $5,101 | $3,845 | $0 | $8,947 |
| 3300 | SWL 330 Restaurant and Apts. at Towsend | Basic | 75,011 | $23,949 | $0 | $1,609 | $1,701 | $0 | $3,310 |
| 3310 | SWL 331 & 332 Delancey Street Foundation | Basic | 164,000 | $52,361 | $0 | $3,611 | $3,718 | $0 | $7,329 |
| 3430 | SWL 343 Bluepeter Building | Simple | 19,384 | $3,194 | $302 | $58 | $440 | $0 | $799 |
| 3450 | Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boa | Simple | 1 | $0 | $0 | $0 | $1,437 | $0 | $1,437 |
| 3450 | Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office | Small | 2,000 | $255 | $276 | $0 | | | $276 |
| 3450 | SWL 345 - SF Boat Works Office/Shop | Basic | 7,750 | $3,193 | $0 | $393 | $175 | $0 | $568 |
| 3450 | SWL 345 - SF Boat Works Storage/The Ramp | Simple | 6,400 | $817 | $63 | $72 | $145 | $0 | $280 |
| 3490 | Pier 70 - SWL 349 - Auto Yard Shop Bldg #19 | Simple | 6,152 | $1,014 | $166 | $0 | $959 | $0 | $1,125 |
| 3490 | Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. | Simple | 7,734 | $1,274 | $251 | $0 | $1,067 | $0 | $1,318 |
| 3490 | Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #3 | Simple | 9,306 | $1,533 | $302 | $0 | $1,314 | $0 | $1,617 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 3,432 | $438 | $474 | $0 | $609 | $0 | $1,083 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 1,490 | $190 | $0 | $206 | $46 | $0 | $252 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 3,696 | $472 | $510 | $0 | $723 | $0 | $1,233 |
| 3490 | Pier 70 - SWL 349 - Brass Foundry, Bldg. #115 | Simple | 17,400 | $2,867 | $507 | $0 | $4,750 | $0 | $5,257 |
| 3490 | Pier 70 - SWL 349 - Foundry, Bldg. #116 | Simple | 17,400 | $2,867 | $507 | $0 | $4,750 | $0 | $5,257 |
| 3490 | Pier 70 - SWL 349 - Test Room, Bldg. #23 | Small | 4,356 | $556 | $601 | $0 | $217 | $0 | $818 |
| 3490 | Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114 | Simple | 8,000 | $1,318 | $233 | $0 | $2,165 | $0 | $2,398 |
| 3490 | Pier 70 - SWL 349 Building #6 (condemned) | Simple | 34,707 | $5,719 | $1,076 | $0 | $5,904 | $0 | $6,979 |
| 3490 | Pier 70 - SWL 349 Equipment Bldg - Bldg #14 | Simple | 15,969 | $2,631 | $407 | $0 | $4,552 | $0 | $4,959 |
| 3490 | Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113 | Simple | 74,566 | $12,287 | $2,171 | $0 | $25,071 | $0 | $27,242 |
| 3490 | Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan | Basic | 32,664 | $13,456 | $3,332 | $437 | $7,002 | $0 | $10,771 |
| 3490 | Pier 70 - SWL 349 SF Shipyard Training Bldg 117 | Simple | 30,940 | $5,098 | $567 | $182 | $8,859 | $0 | $9,608 |
| 3490 | Pier 70 - SWL 349 Shop Building - Bldg #21 | Simple | 10,172 | $1,676 | $211 | $0 | $3,133 | $0 | $3,344 |
| 3490 | Pier 70 - SWL 349 Traffic Department Bldg. #12 & #1 | Basic | 78,116 | $32,179 | $6,982 | $0 | $14,861 | $0 | $21,843 |
| 3490 | Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66 | Simple | 22,116 | $3,644 | $578 | $0 | $501 | $0 | $1,079 |
| 3490 | Pier 70 - SWL 349 Warehouse - Bldg.2 | Simple | 96,804 | $17,386 | $1,860 | $375 | $17,241 | $0 | $19,476 |
| 3490 | Pier 70 Master Plan, omnibus soft costs, continegency | | | | | | | $82,000 | $82,000 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 3520 | SWL 352 - Backlands Redevelopment | Basic | 2,120,275 | $676,951 | $2,120 | $0 | | | $2,120 |
| 4000 | Harbor Office at Hyde Street | Small | 500 | $64 | $0 | $0 | $464 | $0 | $464 |
| 4001 | Street - Hyde N of Jefferson to Hyde St Pier | Street | 16,100 | $17,308 | $193 | $0 | | | $193 |
| 4002 | Street - Jefferson from Leavenworth to Hyde | Street | 7,500 | $8,063 | $104 | $0 | $779 | $0 | $884 |
| 4003 | Street - R.H. Dana Dr. (Leavenworth) N of Jefferso | Street | 9,900 | $10,643 | $119 | $0 | | | $119 |
| 4004 | Street - Jefferson btw Jones and Leavenworth | Street | 7,200 | $7,740 | $100 | $0 | | | $100 |
| 4006 | Street - Taylor Street btw. Jefferson and Embarcader | Street | 13,731 | $14,761 | $246 | $0 | $232 | $0 | $478 |
| 4008 | Street - Embarcadero from Taylor to Powell | Street | 37,680 | $40,506 | $0 | $0 | | | $0 |
| 4017 | Street - Lombard btw Sansome and Embarcadero | Street | 12,005 | $12,905 | $144 | $0 | | | $144 |
| 4020 | Street - Green between Davis and Front | Street | 11,270 | $12,115 | $135 | $0 | | | $135 |
| 4022 | Street - Broadway btw Embarcadero & Vallejo | Street | 33,870 | $36,410 | $406 | $0 | $58 | $0 | $464 |
| 4033 | Street - T. Francois along China Basin | Street | 33,750 | $36,281 | $405 | $0 | | | $405 |
| 4034 | Street - T. Francois btw China Basin and Mission R | Street | 353,300 | $379,798 | $4,239 | $0 | | | $4,239 |
| 4036 | Street - 20th east of Illinois | Street | 30,800 | $33,110 | $370 | $0 | | | $370 |
| 4038 | Street - 24th from Michigan to Maryland | Street | 69,240 | $74,433 | $514 | $0 | $460 | $0 | $974 |
| 4040 | Street - Marin east of Michigan | Street | 11,250 | $12,094 | $135 | $0 | $464 | $0 | $599 |
| 4041 | Street - TN, IN, MN btw Tulare and Marin | Street | 59,050 | $63,479 | $708 | $0 | | | $708 |
| 4043 | Street - Amador and extension | Street | 164,520 | $176,859 | $1,633 | $0 | $14,491 | $0 | $16,124 |
| 5470 | Wharf J-4 | Piers | 6,248 | $1,679 | $910 | $74 | | | $984 |
| 6020 | Freight Yard - Intermodal Container Transfer Facility | Street | 1,012,235 | $1,088,153 | $3,088 | $0 | $24,787 | $0 | $27,876 |
| 5470H | Blue Shed Bldg (Wharf J-11) | Simple | 5,000 | $639 | $10 | $0 | $1,274 | $0 | $1,283 |
| 5470H | Wharf J-11 | Piers | 7,000 | $1,881 | $378 | $0 | | | $378 |
| | TOTALS: | | 18,598,611 | 6,418,863 | 492,553 | 420,019 | 950,405 | 82,000 | **$1,944,990** |

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 7, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Informational Presentation on the Exploratorium Project at Piers 15/17 on The Embarcadero at Green Street

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

**Background**

On February 28, 2006, by Resolution No. 06-13, the Port Commission approved a three-year Exclusive Negotiation Agreement ("ENA") and Term Sheet between the Port and the Exploratorium for the lease and historic rehabilitation of Pier 15, the Connector Building between Piers 15 and 17, and the paved asphalt area between the piers (the "valley"), with an option to expand into Pier 17 ("the Project"). Thereafter, on July 25, 2006, the Board of Supervisors determined that the Project was fiscally feasible and responsible under the Fiscal Feasibility Ordinance and endorsed the Term Sheet. Since that time, the Exploratorium and Port staff have been working diligently to move the Project forward.

The Exploratorium proposes to rehabilitate, repair and seismically upgrade the Pier 15 bulkhead building, shed and Connector Building and relocate the museum there from its current location at the Palace of Fine Arts. The new space will provide areas for displays and exhibits, a museum store, events space, a restaurant, exhibit fabrication area, classrooms, a theatre, the "Tactile Dome" and ancillary offices. The valley will be partially removed to create a courtyard. This area will provide public access to the Bay and will incorporate outdoor museum exhibits. There will be additional public access around the perimeter of the piers providing unsurpassed views of the Bay Bridge, Treasure Island and the East Bay hills.

The Term Sheet requires that Baydelta Maritime, a tug and tow operator currently leasing space in Pier 15, either remain at Pier 15 or, at the discretion of the Exploratorium, be relocated to Pier 17. The Exploratorium has chosen to relocate Baydelta, which will require construction of new office/warehouse space, dredging of the Pier 17-19 basin and repair of the dilapidated Pier 17

**Print Covers Calendar Item No. 10A**

north apron. The three parties currently are in discussions concerning the terms of this relocation. Staff hopes to bring a Tripartite Agreement to the Port Commission for approval in the near future.

The proposed Project also will provide waterside uses, including a landing for water taxis and a floating guest dock for excursion boats and research vessels on the south apron of Pier 15, berthing for large naval ships along the east apron of Piers 15 and 17, and Baydelta's tugboats on the north apron of Pier 17.

Visitors to the museum will be encouraged to take public transit, and most school children will arrive by school bus. However, parking will be available for visitors at Seawall Lot 321 across the street from the piers at Green Street and The Embarcadero. A 16-year parking agreement will provide non-exclusive right to use these spaces, which will be priced at hourly rates.

The Exploratorium hopes to expand the museum into Pier 17 in later years, and the Term Sheet provides for an option to expand in the 17th year of the lease. However, the parties are currently negotiating to lease Pier 17 to the Exploratorium at the same time as Pier 15 is leased, rather than waiting 17 years for the Exploratorium to exercise its option under the Pier 15 Term Sheet. If those negotiations proceed satisfactorily, Port staff will seek Port Commission approval of a new Pier 17 Term Sheet. Other documents, such as the Lease and Development Agreement, will be drafted later this year.

**Status of Design Review**

The Exploratorium is working on schematic design plans, which will be shown to the Port Commission at the February 12, 2008 meeting. Last month these plans were jointly reviewed by the *Waterfront Design Advisory Committee* (WDAC) and the Design Review Board of BCDC. The WDAC is advisory to the Port Commission and the Planning Commission. The panel reviewers requested a simpler courtyard design, one that is flexible, adaptable and provides views into and through to the Bay; a more detailed circulation plan showing how school buses, vehicles, service delivery trucks and private cars will be accommodated at the site; more detail on the Bridge Building (which replaces the Connector Building); removal of most of the trees; a more detailed public access plan and more information about the uses and architecture of the bulkhead building. The Exploratorium team is redesigning the project to address all of these issues.

Piers 15 and 17 are located in the Embarcadero National Register Historic District and will be built to comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, thereby making the Project eligible for historic preservation tax credits. Discussions with the State Historic Preservation Office will start in the near future.

**Status of Entitlements**

Environmental review of the Project under CEQA is well underway. The Initial Study was published November 10, 2007 and sets forth the scope of work to be studied in the Environmental Impact Report. Transportation, archaeology and other studies are underway. The State Lands Commission staff initially has indicated that the Project is consistent with the public trust. Future meetings will be scheduled to show final plans and to seek a final letter of trust consistency. The Port and the Exploratorium have had initial discussions with BCDC

concerning the fill removal requirements specified in the *Special Area Plan (SAP)*, which requires the valley, the Connector Building and the non-historic shed additions to be removed. The Exploratorium will seek to amend the SAP by substituting its proposal for public access in the courtyard for loss of open water.

The Exploratorium has been conducting community outreach, including a special presentation to the community held at the Port on December 3, 2007, and another presentation to the Northeast Waterfront Advisory Group (NEWAG) on December 5, 2007.

The purpose of today's informational presentation is to update the Port Commission on the status of the Project and to show the schematic design plans. Members of the Exploratorium staff, EHDD architects, and Wilson, Meany Sullivan, the development manager, will present the plans.

No action is required by the Port Commission on this informational presentation.

Prepared by: Jennifer Sobol, Project Manager
Planning & Development

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 8, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique A. Moyer
Executive Director

**SUBJECT:** Informational Presentation on Development Options for SWL 351 (The Embarcadero at Washington Street)

**DIRECTOR'S RECOMMENDATION**: Initiate a competitive solicitation for SWL 351.

## EXECUTIVE SUMMARY

At its December 11, 2007 meeting, the Port Commission received an informational presentation by San Francisco Waterfront Partners, II LLC ("SFWP") of its proposed 8 Washington project, a mixed-use condominium development. The proposed project site, as currently conceived, includes Port-owned Seawall Lot 351 ("SWL 351"), located at Washington Street and The Embarcadero, and adjacent, privately owned property within the Golden Gateway area.

This unsolicited development proposal has raised questions about the Port's long-term land use and development plans for SWL 351. The Port's Waterfront Land Use Plan identifies development parameters and acceptable land uses for SWL 351, and also notes the potential for it to be combined with the Golden Gateway site as part of a larger development project.

Port staff has conducted an initial assessment and find that there are potential development options for SWL 351 as a stand-alone development project or as part of a combined site. Each offers different benefits and trade-offs. Staff also has concluded that, regardless of whether developed separately or altogether, the Port should take the opportunity to review and define its development options for SWL 351 now, before any City approvals for long-term development on the adjacent property occurs. Otherwise, the Port's future development options for SWL 351 could be severely constrained.

**This Print Covers Calendar Item No. 10B**

To best ascertain the realistic options and development parameters for this site, staff believes that a competitive solicitation process for SWL 351 should be considered. Before any development Request for Proposals (RFP) would be issued, the Port would have to conduct further analysis and outreach to define development criteria for the offering. Port staff believes that such an RFP should allow respondents to propose development on SWL 351 alone, or as part of a combined site with Golden Gateway, to get a market-based assessment of the Port's development options for this SWL 351.

## SAN FRANCISCO WATERFRONT PARTNERS PROPOSAL

As proposed, the project, "8 Washington", would combine 2.5 acres owned by the Golden Gateway Center on the northern side of Washington Street between The Embarcadero and Drumm Street with the Port's adjacent 2/3 of an acre SWL 351. SFWP's proposal is a mixed-use, eight story project consisting of 170 residential condominium units, restaurant and retail uses on the ground floor fronting on The Embarcadero and on Washington and Drumm Streets, a rebuilt Golden Gateway Tennis and Swim Club with six tennis courts and two outdoor pools, open space, and an underground parking garage with 350 public parking spaces and 170 spaces for the condominiums.

The Port has not responded to SFWP's proposal; rather the Port has committed to engage in a public process before considering any land transaction involving SWL 351. The Port has given permission to the developer to initiate review of the project under the California Environmental Quality Act (CEQA) conditioned on the CEQA analyses considering alternatives where SWL 351 is not included in the project.

Following SFWP's presentation, the Port Commission requested that Port staff present the Port's development alternatives with respect to SWL 351 for the Commission's consideration. This staff report provides the Port Commission information to evaluate its options regarding SWL 351 either independently or as part of a joint development project with the adjacent site. At this time, the Port has the option (1) to do nothing, (2) to respond directly to the SFWP proposal, or (3) to offer the site development by competitive bid.

## WATERFRONT LAND USE PLAN POLICIES

SWL 351 is located in the Ferry Building Waterfront Area in the Port's Waterfront Land Use Plan ("Waterfront Plan"), which identifies the following fundamental objectives for the area:

- Provide a mix of uses that emphasizes the civic importance of the area, generates waterfront activity and serves San Franciscans and visitors alike.
- Restore the Ferry Building Waterfront as a major transit center by improving transit access and transfers among water and land transportation modes.
- Provide efficiently planned parking and loading facilities to serve new activities in the area.
- Physically and visually integrate the Ferry Building and environs with their spectacular City and Bay settings.

- Pursue a mix of public and private resources to achieve an appropriate quality and mix of uses.

SWL 351 is also a part of the Ferry Building Mixed-Use Opportunity Area under the Waterfront Plan, which includes the following Development Standards:

- Explore the possibility of obtaining economic value from Seawall Lot 351 by combining it with the adjacent Golden Gateway residential site [8 Washington Street] to provide expanded opportunities for mixed residential and commercial development.
- Maximize efficient use of new and existing parking to serve existing business, further promote public use of the Ferry and Agriculture Buildings, and stimulate reuse of Piers 1, 1½, 3 and 5.

The Waterfront Plan identifies the following acceptable uses for SWL 351: residential, assembly and entertainment, general office, parking, retail (including restaurants), recreational enterprises, visitor services, community facilities, and open space.

SWL 351 is subject to the public trust. In California, the public trust doctrine generally limits uses of trust lands to those that are water-dependent or related, including commerce, fisheries, navigation, environmental preservation and recreation. Uses that enable public enjoyment of the Bay, including public parks and open space, hotels, restaurants, shops and supporting parking area are also promoted under the public trust. Ancillary or incidental uses that directly promote trust uses, are directly supportive and necessary for trust uses, or that accommodate the public's enjoyment of trust lands are also permitted. Non-water oriented private uses such as general office, private recreation facilities, and residential uses are not considered public trust uses.

SWL 351 could be developed for non-trust uses by an exchange of property of equivalent value into the public trust or a state legislative action. Any development at SWL 351 would require a public trust strategy acceptable to the State Lands Commission.

The Waterfront Land Use Plan (Chapter 5) calls for the following Port Commission process to realize the development opportunities envisioned in the Plan:

1. Port Commission identify site to be developed and proposed development concepts
2. Advisory Group consultation and feasibility analysis to refine development concepts
3. Port Commission approval of solicitation process
4. Issue Request for Proposals to identify developer
5. Port Commission selects developer
6. Entitlement process, including CEQA environmental review and design review
7. Port Commission approval of transaction
8. Board of Supervisors approval of transaction

Since the approval of the Waterfront Plan, two additional review points for the Board of Supervisors have been added to the process. The first is fiscal feasibility review prior to the commencement of CEQA review if public funds are included in the project. The second is a term sheet review of development transactions over $10 million.

## DEVELOPMENT POTENTIAL FOR SWL 351

SWL 351 is one of the development opportunities in San Francisco created by removal of the Embarcadero Freeway after the 1989 earthquake. Its current development pattern, a surface parking lot, reflects its location adjacent to the former freeway. The odd shape is an artifact of the Port jurisdictional lines. Until the late 1990s, the site housed a gas station under a land lease from the Port. The parcel, which is nearly triangular in shape, has a 358-foot frontage on the Embarcadero Roadway with a mere 26-foot frontage on Washington Street. In the context of San Francisco, a highly urbanized built-out area, a 27,937 square foot lot with an 84-foot height limit, is not too small for effective development. The site is constrained by a 32-foot wide sewer easement that runs in the Jackson Street right-of-way and development would be subject to set back requirements from the adjacent site.

Port staff's assessment of the market suggests that, setting aside regulatory limitations, the following uses have potential for development on SWL 351:

- Hotel
- A retail/restaurant development with a surface parking lot
- Structured parking with ground floor retail/restaurant
- General purpose office with ground floor commercial
- Apartments
- Condominiums

The required setbacks and sewer alignment constrain the potential development on SWL 351 alone to one or two buildings with a total area in the range of 100,000 to 130,000 square feet with the number of floors and floor heights dependent on the use. Under existing height and bulk restrictions, SWL 351 could be developed with a 200 room hotel in eight stories with ground floor retail and lobby. The lowest intensity use could be a single story retail or restaurant building with surface parking. A mixed use project with ground floor retail could include structured parking above (up to nine floors of parking at 55 spaces per floor). Residential uses range from 70 condominiums to 133 apartments in an eight-story building.

## COMBINED DEVELOPMENT OPPORTUNITY

As evidenced by the Waterfront Plan development standard to explore combining these parcels, from a development and land use planning perspective, a combined development offers a number of advantages. There are 3.2 acres bounded by the Embarcadero, Drumm and Washington that could be redeveloped as a combined project. Combined development avoids the challenge of designing separate, potentially competing, projects with appropriate setbacks. The uncertainty of the future of SWL 351 impairs the development opportunity for the Golden Gateway site and vice versa. In fact, the prior proposed 8 Washington developer attempted to secure rights from the Port to limit the future development on SWL 351.

From a site and architectural design perspective, combining into a single project opens possibilities that could be limited or precluded by developing them separately: a uniform design to the project to complement the Port's historic piers; greater amenities, such as the reopened Jackson Street right-of-way; and more efficient underground parking as an alternative to above, or at grade, parking on SWL 351 alone.

Real estate valuation methodologies recognize "assembly value" created by combining multiple parcels to create a synergy where value of the whole is greater than the sum of the parts. Due to the assembly value it is likely the combined project would yield more value to the Port than a SWL 351 stand alone project, even with enhanced public amenities.

## COMPETITIVE BIDDING POLICIES

As discussed above, the Waterfront Plan (Chapter 5) provides direction to competitively bid development opportunities. As proposed by SFWP, the transaction could include an exchange of property. Also possible is a transaction like the Watermark condominium development where the Port would convey the property after addressing the public trust restrictions. Thus, the City's Administrative Code sections that apply to leases, exchanges, and conveyances of property are relevant here.

The Board of Supervisors' policy in favor of competitively bidding leases is stated in Section 2.6-1 of the City's Administrative Code, and the City's requirement for competitively bidding the sale or other transfer of fee title in any real estate is stated in Section 23.3 of the City's Administrative Code. A copy of Sections 2.6.-1 and 23.3 is attached as Exhibit B. If the Port decides to lease SWL 351 without competitive bidding, compliance with the Board's policy for leasing would require a showing that bidding was impractical or impossible. The Board, however, may also deviate from its policy by approving the lease by resolution without such findings. If the Port decides to lift the trust and sell SWL 351 without competitive bidding, it may do so if the Board of Supervisors finds that competitive bidding is impractical or impossible, or that the sale would further a public purpose. A property exchange can also be undertaken without competitive bidding. If a transaction is not competitively bid, real estate appraisals are used to guide policy making. The Board also may waive the requirements of Section 23.3 by approving the sale by ordinance.

The Port has the ability to enter into a direct negotiation, request a more detailed proposal, or accept the proposal as submitted by SFWP. To do so would require the Port Commission, and later the Board of Supervisors, to find that such a sole source negotiation met one of the above stated exceptions from competitive bidding policies. At times, this "Sole Source Waiver" is secured by Board of Supervisors resolution prior to any negotiation. Essentially such a resolution is a statement that the Board will not reject the transaction later strictly because it was not competitively bid. Examples of this include the Exploratorium and International Women's Museum.

## DEVELOPMENT OFFERING PROCESS

The process for a development offering is similar for a direct negotiation or a competitive solicitation. If the Port Commission directs staff to begin a development process for SWL 351, the first step is community and stakeholder outreach to design development criteria for SWL 351. Issues to be considered include:

- Uses required, preferred and allowed on the site
- Parking requirements (Exhibit C provides an overview of the Ferry Building Area Parking Requirements)
- Guidance in design, community benefit, and other components of the project

Following public testimony and debate, the Commission would act to authorize issuance of an RFP for the site with specified development criteria.

## CEQA PROCESS

With the Port's authorization, SFWP has commenced a CEQA process. That review is lead by the Planning Department for evaluation by the Planning Commission and is independent of the Port's actions on the land transaction. The Planning Department published a Notice of Preparation of an Environmental Impact Report (EIR) for the Proposed 8 Washington Project. Comments on that were received in January 2008.

As required by CEQA, alternatives to the proposed project intended to avoid or reduce one or more of the project's significant environmental effects will be analyzed in the EIR. Options for development will be considered to address the public trust status and the separate ownership of the two sites. It is anticipated that the EIR will include discussion of the following alternatives and options: (1) the No Project Alternative, as required by CEQA; (2) a reduced project alternative that includes reduced parking and density on the project site; (3) an option that assumes that the public trust is not removed from SWL 351; and (4) an option that assumes that SWL 351 and the 8 Washington site are developed independently. Thus, the EIR will provide technical analysis of the impacts of including or not including SWL 351 in a combined development proposal. It is anticipated that the Draft EIR for the 8 Washington project will be published in Summer 2008 with Planning Commission hearings and policy actions in Fall 2008.

Development of SWL 351 has engendered a significant amount of community concern, predominately focused on fear of the loss of the tennis and swim club and on impacts to the neighborhood. The CEQA analysis underway will provide technical analysis of factors such as traffic, parking, views, shadows, and others. In responding to the Notice of Preparation of the EIR, the "Friends of Golden Gateway" submitted an alternative proposal for the entire site. It includes development on SWL 351 of a four-story hotel and new club facility, new covered tennis courts, and an underground garage on the southern portion of the site. The design presented is included as Exhibit D; no assessment of financial feasibility of this plan was included.

Depending on the Port Commission's decision regarding SWL 351, the CEQA process underway for 8 Washington may or may not be sufficient to address the selected development program for SWL 351. The various technical studies prepared as part of the 8 Washington EIR will provide a strong starting point for environmental analysis for a stand alone development opportunity on SWL 351.

## ANALYSIS OF POLICY OPTIONS

The Port Commission's options at this time for SWL 351 are:

### 1. No Action Alternative

Taking no action at this time but continuing to allow SFWP to proceed with the CEQA analysis would postpone the question of whether to include SWL 351 in the 8 Washington project. SFWP may revise its entitlement efforts to build only on the land it controls, and secure entitlements to

build a project adjacent to SWL 351 that constrains the Port's ability to develop the site in the future. If the Port were to endeavor to join SWL 351 into the 8 Washington project late in the process, it could be constrained by the development rights secured by SFWP.

If the Port takes no action now, and SFWP continues to proceed independently, the Port loses the ability to shape the project to meet its policy goals and control of the project remains at the Planning Commission and Board of Supervisors. Additionally, the future value of SWL 351 may be reduced.

**2. Direct Negotiation/Sole Source**

The Port has committed to engage in a public policy making process for SWL 351. Thus, a direct negotiation would proceed similar to a competitive solicitation by community outreach and technical analyses to determine the development criteria for SWL 351 and a combined project. For example, determining the amount of public parking desired in the area. Once those criteria were developed, SFWP would be asked to submit a detailed proposal for the site. After receipt of the proposal, analysis and public review and testimony, the Port Commission would evaluate whether to enter into exclusive negotiations leading to a term sheet.

The challenge of this alternative is that the Port Commission, and ultimately the Board of Supervisors, will need to make the finding that a sole source negotiation was required to secure the benefits provided by the project.

**3. Competitive Solicitation**

After development criteria for SWL 351 are determined, the Port can issue a RFP for development of SWL 351 as an independent development. That RFP would explain that there is an offer to combine the site into a larger project and the Port desires to see what other opportunities are available for the site. SFWP has indicated they would respond to such an RFP. Staff does not know the extent of interest by other qualified developers in this site.

The challenges of a competitive solicitation are the unknown market response to the constrained site and the difficulty in achieving multiple Port policy objectives on SWL 351 alone.

**RECOMMENDATION**

Staff recommends the Port offer SWL 351 for development by competitive solicitation structured to allow comparison of a SWL 351 development to that of a combined project. Over the next several months, community outreach and feasibility analysis will be undertaken to determine development criteria for SWL 351. These development criteria, once authorized by the Port Commission, would then form the basis for a Request for Proposals.

Prepared by: Kathleen Diohep
Project Manager

For: Byron Rhett
Deputy Director Planning and Development

Attachments

Exhibit A Map of Site
Exhibit B Excerpts from the Administrative Code
Exhibit C Ferry Building Area Parking Requirements
Exhibit D Friends of Golden Gateway Alternate Proposal

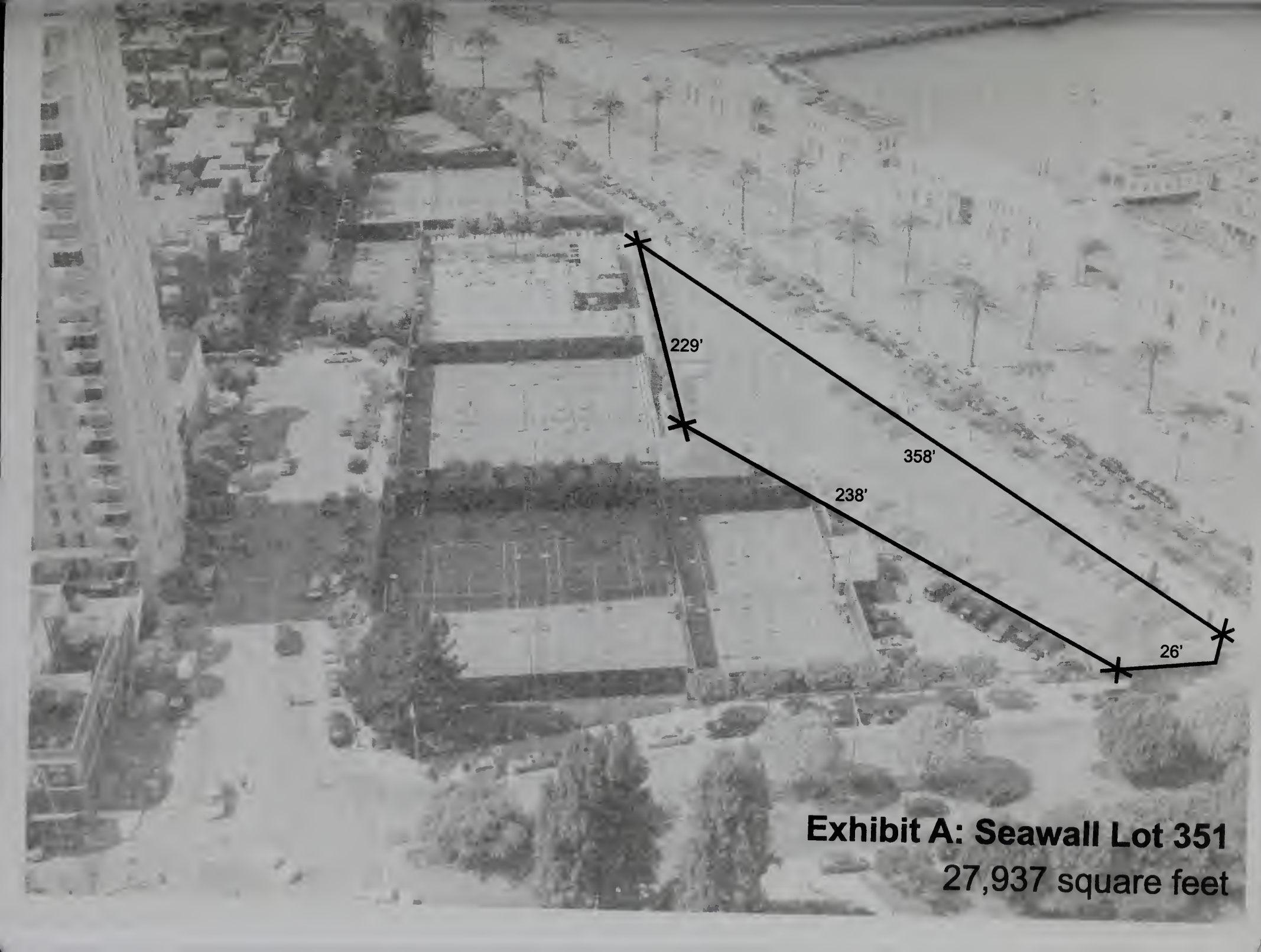



**Exhibit A: Seawall Lot 351**

27,937 square feet

Exhibit B

**EXCERPTS FROM SAN FRANCISCO'S ADMINISTRATIVE CODE**

(Emphasis added)

SEC. 2.6-1. POLICY RELATIVE TO APPROVAL OF LEASE AND CONCESSION AGREEMENTS. Whenever in accordance with the provisions of the Charter, any officer, board or commission of the City and County submits a proposed lease or agreement for concession privileges to be operated in or upon any property or facility of the City and County to the Board of Supervisors for its approval or disapproval, except where the Board of Supervisors finds that the bidding procedures or insurance requirements are impractical or impossible, it shall be the policy of said board (1) to approve only such proposals as have been awarded to the highest responsible bidder in accordance with competitive bidding procedures, and (2) to approve only such leases as require the lessee to provide appropriate insurance naming the City as an additional insured in a form and amount approved by the Office of Risk Management. (Amended by Ord. 479-81, App. 9/21/81; amended by Ord. 132-99, File No. 990583, App. 5/28/99)

SEC. 23.3. CONVEYANCE OF REAL PROPERTY.
The Director of Property may Convey any Real Property owned by the City upon recommendation of the department responsible for the administration of such Real Property, excepting park lands pursuant to Charter Section 4.113(2) or where a Conveyance of such Real Property would violate the terms of any gift, trust, deed restriction, bond covenant, or other covenant or restriction under which the City holds the Real Property. Such Conveyance may be made after the Board of Supervisors, by resolution, determines that the public interest or necessity demands, or will not be inconvenienced by such Conveyance, and approves the Conveyance. If the Conveyance is a Competitive Bidding Process or a public auction, the Board shall approve and confirm by resolution any such Conveyance after such Competitive Bidding Process or auction process is complete. The Board's resolution authorizing a Conveyance shall set forth the means of Conveyance, whether by public auction, Competitive Bidding Process or such other means of disposition as the Board may authorize by resolution. The Board of Supervisors may authorize such Conveyance by resolution without advertisement, public auction, or Competitive Bidding Process if it determines that an auction or Competitive Bidding Process is impractical or impossible, including, for example only and not by way of limitation, when the Real Property is not capable of independent development, will be exchanged for other Real Property, or when the Board determines that a negotiated direct Conveyance of the Real Property will further a proper public purpose.

Before the Board of Supervisors approves a Conveyance, the Director of Property shall appraise the fair market value of such Real Property and give the notices required by California Government Code Section 54220 et seq. or any other applicable provision of state law. The Director of Property shall also advertise by publication the proposed Conveyance if the Conveyance will be by public auction or Competitive Bidding Process, for an appropriate period as determined by the Director of Property. Every Conveyance other than a sale at public auction or through a Competitive Bidding Process shall be for a sales price of at least 100 percent of the Director of Property's appraisal of such Real Property, except where the Board determines either that (i) a lesser sum will further a proper public purpose, or (ii) based on substantial evidence in the record, the terms and conditions of such Conveyance are reflective of the fair market value of the Real Property notwithstanding the appraisal.

(Added by Ord. 15-01, File No. 001965, App. 2/2/2001; amended by Ord. 179-03, File No. 030582, App. 7/18/2003. Former Sec. 23.3 was repealed by Ord. 15-01.)

Exhibit C

## FERRY BUILDING AREA PARKING REQUIREMENTS

An important component of determining the Port's development criteria for SWL 351 will be consideration of how much public parking the Port wants on SWL 351. Background information on the Port's current parking commitments is below. Further analysis parking needs and outreach to area stakeholders will be undertaken in the next several months.

### Current Port Controlled Parking

- SWL 351 – 77 parking spaces, 105 valet
- Pier ½ – 48 parking spaces, up to 100 valet
- Agricultural Building/Sinbad's Parking– 40 parking spaces, 73 valet
- Pier 3– 95 parking spaces, 120 valet
- Metered parking along the Embarcadero and Loading Zones

In addition to these spaces, parking is available at the City owned Maritime Plaza garage (1,095 spaces) and in privately owned garages in the area.

### Ferry Building Parking Agreement

- With its approval of the 66-year Ground Lease with Ferry Building Investors, LLC for the Ferry Building, the Port Commission also approved a Parking Agreement with Investors, which is renewable at 10-year intervals during the 66-year term of the Ground Lease.
- This Parking Agreement obligates the Port to provide at least 150 parking spaces within a designated proximity of the Ferry Building for use by its customers.
- Currently, this obligation is being met by open surface parking at SWL 351 and at Pier ½.

### Piers 1½ , 3 and 5 Parking Agreement

- With its approval of the 50-year Lease with the Developer for Piers 1½ , 3 and 5, the Port Commission also approved a Parking Agreement for the term of the Lease.
- This Parking Agreement obligates the Port to provide Partners with 25 parking spaces for use by its subtenants and their customers within a designated proximity of Piers 1½, 3 and 5.
- This obligation is currently being met at Pier 3 through an agreement between the Port and Hornblower Yachts, Inc., which leases the remainder of Pier 3 from the Port.

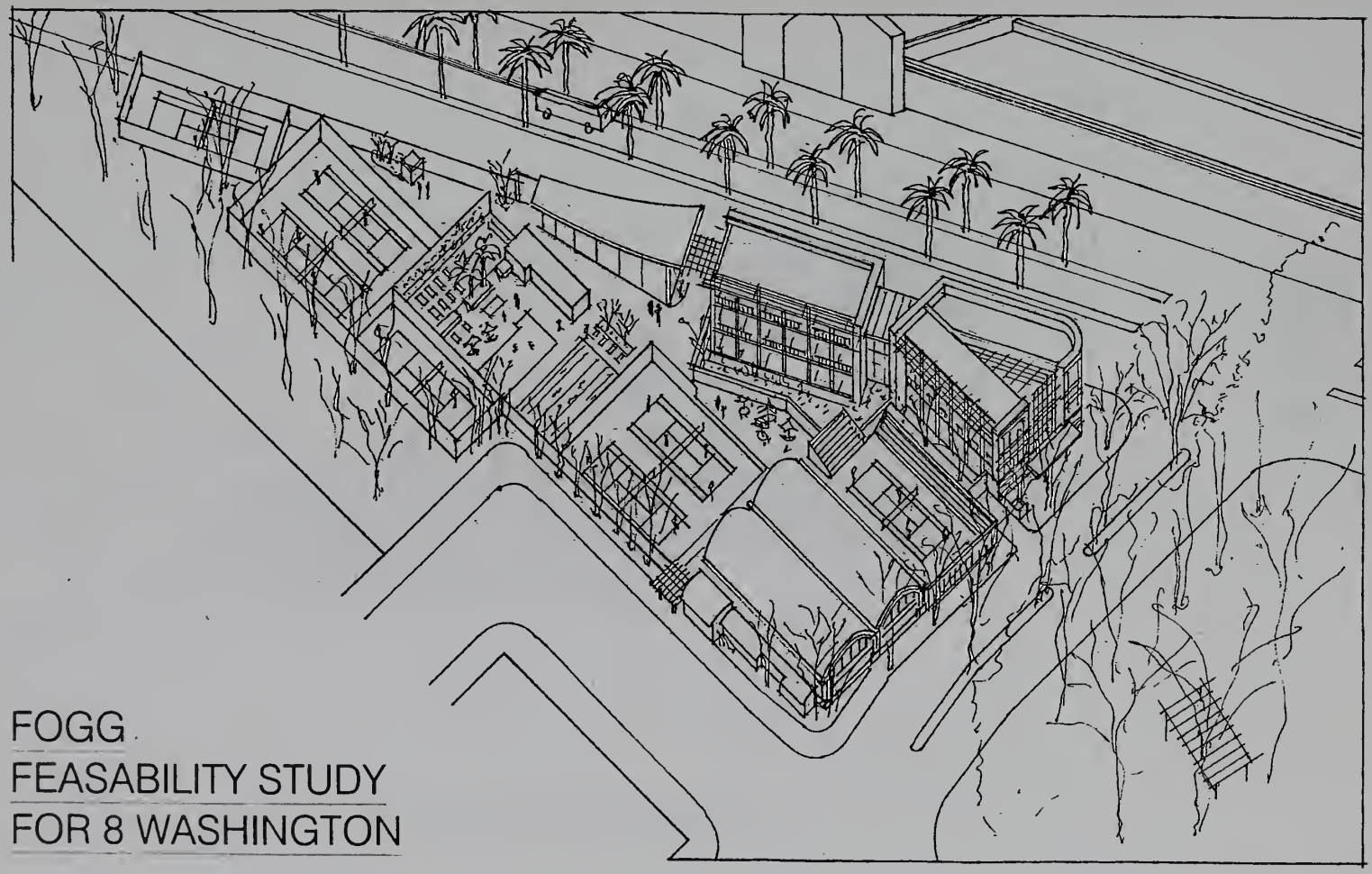
### BCDC's San Francisco Waterfront Special Area Plan

The *Special Area Plan,* as amended in 2000, includes the following policy concerning Pier ½:

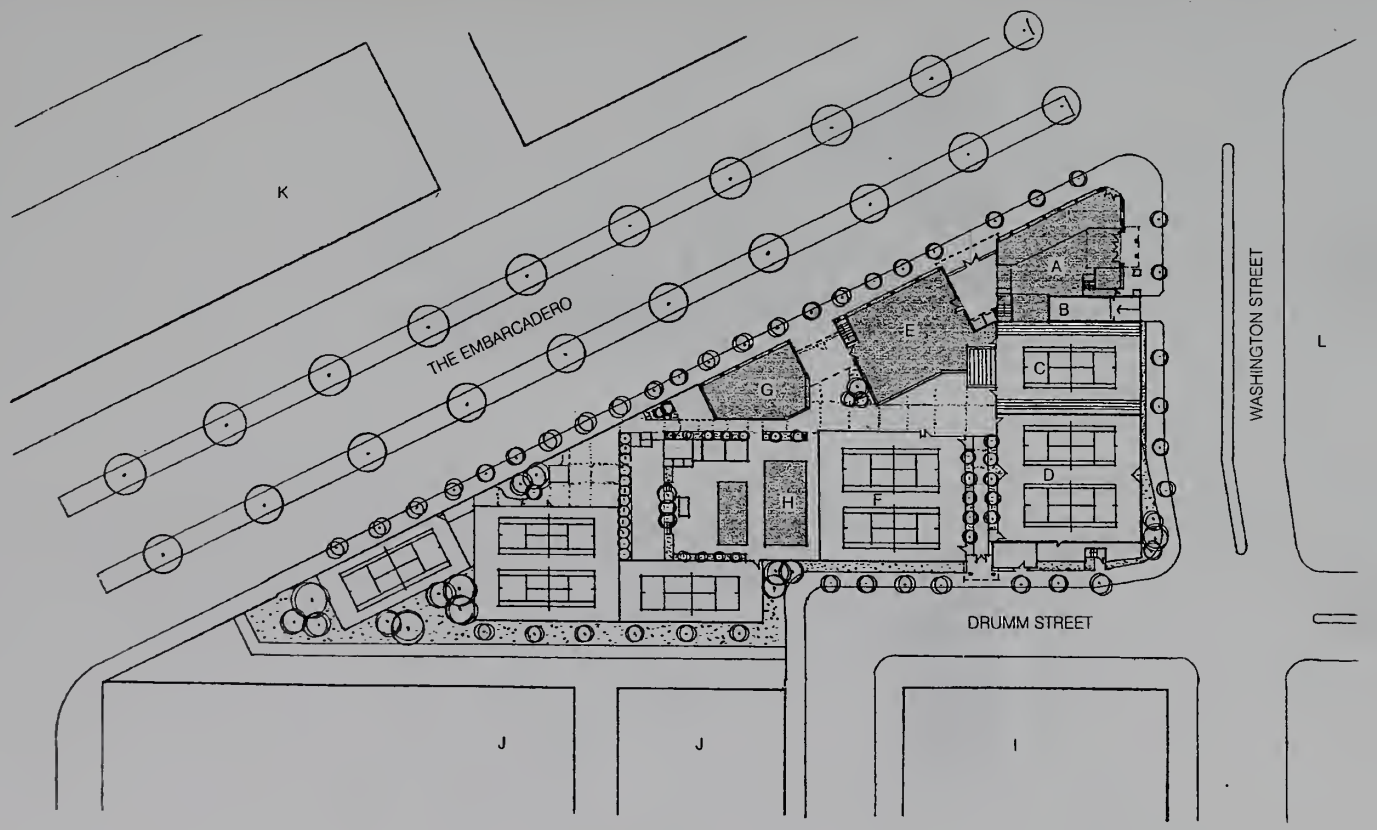
- Remove a portion of Pier ½ as part of the Ferry Terminal Phase 2 development project, retaining only that portion required for retaining a vessel berthing facility and public access.
- The Downtown Ferry Terminal Phase 2 will be funded by the Water Emergency Transportation Agency. The timing of this expansion is not known at this time.

Exhibit D

**FRIENDS OF GOLDEN GATEWAY PROPOSED PROJECT**



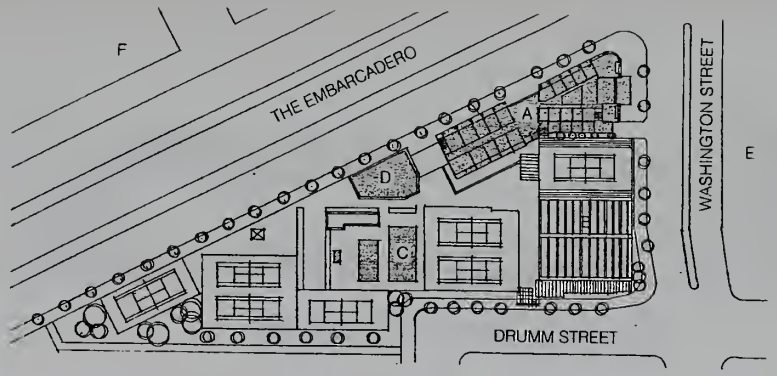
# FOGG
# FEASABILITY STUDY
# FOR 8 WASHINGTON




A HOTEL ENTRY LEVEL
B RAMP TO LOWER LEVEL GARAGE
C STADIUM TENNIS COURT
D COVERED TENNIS COURTS
E HOTEL / ATHLETIC CLUB FACILITY
F EXISTING TENNIS COURTS
G ATHLETIC CLUB FACILITY
H EXISTING POOLS
I GOLDEN GATEWAY APARTMENTS
J GOLDEN GATEWAY COMMONS
K PIER BUILDINGS
L FERRY PARK

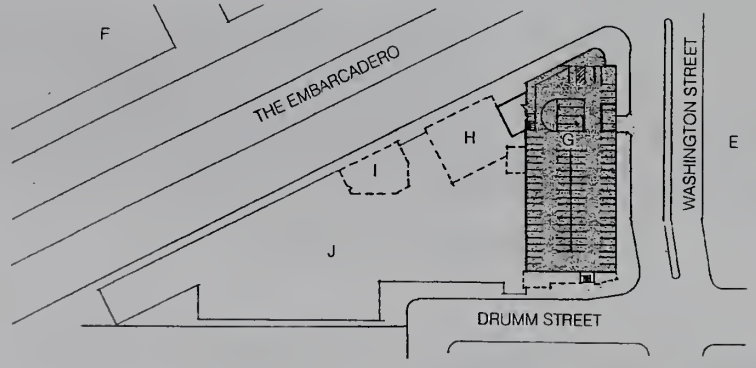
SITE AND GROUND LEVEL PLAN

# FOGG FEASABILITY STUDY FOR 8 WASHINGTON




A ROOM LEVELS AT 3-4-STORY HOTEL
B COVERED TENNIS COURTS
C EXISTING SWIMMING POOLSD
D 2 STORY CLUB FACILITY
F FERRY PARK
F PIER BUILDINGS

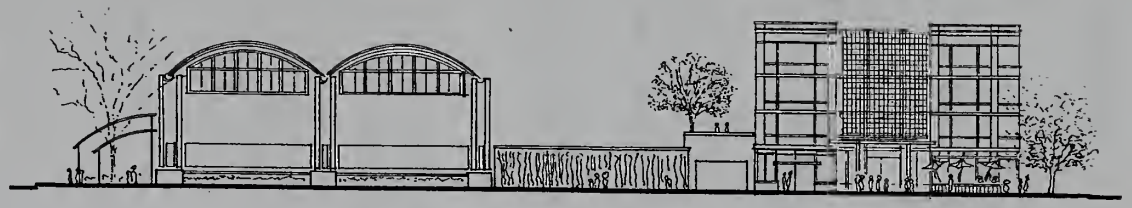
UPPER LEVEL PLANS



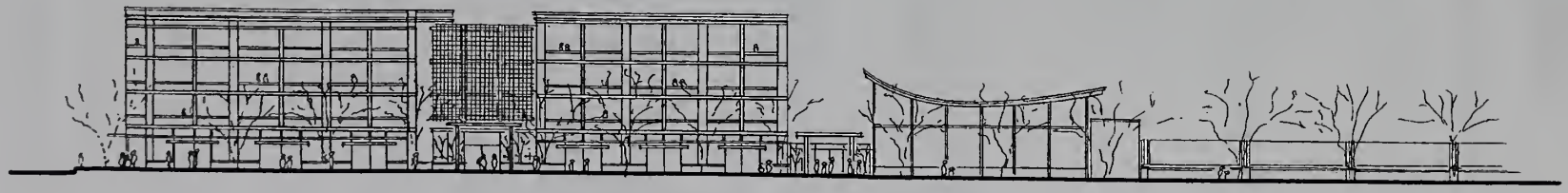

G 200-250 CAR PARKING GARAGE
H HOTEL ABOVE
I NEW ATHLETIC CLUB FACILITY ABOVE
J EXISTING CLUB FACILITY ABOVE

GARAGE LEVEL PLAN

# FOGG FEASABILITY STUDY FOR 8 WASHINGTON



WASHINGTON STREET ELEVATION



EMBARCADERO ELEVATION

# FOGG FEASABILITY STUDY FOR 8 WASHINGTON

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 7, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Informational Presentation Regarding Port Staff and Advisory Panel Evaluation of Responses to the Request for Proposals for a Construction Materials Recycling Center for Seawall Lot 352

**DIRECTOR'S RECOMMENDATION:** Informational Only – No Action Required

**Overview**

On October 11, 2007, the Port Commission authorized Port staff to issue a request for proposals ("RFP") for a leasing opportunity for five acres of land at Pier 94, Seawall Lot (SWL 352), to operate a construction materials recycling facility specializing in processing of demolition concrete and related construction materials. In addition to providing lease revenue to the Port, the project will provide a means to process and dispose of approximately 120,000 tons of material abandoned at the site by a former Port tenant ("Existing Stockpile").

Port staff issued the RFP on November 1, 2007 and conducted a pre-bid conference on November 15, 2007. Four respondents submitted proposals on December 3, 2007:

- Raisch Products, Inc. and S.F. Recycling and Disposal Co., Inc., a division of Norcal Waste Systems, Inc. ("Raisch/Norcal");
- Evans Brothers, Inc. ("Evans Brothers");
- Aman Environmental Construction, Inc., a wholly owned subsidiary of URS Corporation ("Aman Environmental"); and
- Granite Construction Company ("Granite Construction").

This informational presentation describes the highlights of these four proposals and the Port's process for evaluating these proposals.

**THIS PRINT COVERS CALENDAR ITEM NO. 11A**

**Proposed Use and Project Objectives**

The RFP proposed the following activities that a Construction Materials Recycling Center Operator will conduct at SWL 352:

> "Accept demolished concrete and related construction materials and charge tipping fees; operate a weigh station; crush and reprocess these materials into aggregate, sand, structural base, non-structural fill and related construction products; store unprocessed and processed materials; sell the resulting products; and segregate and transfer for disposal materials unsuitable for sale.
>
> "Following selection and prior to beginning operations, the Operator must submit an Operations Plan, subject to Port approval, that provides detailed description of its recycling activities and equipment, materials acceptance and segregation protocols, air quality and dust control measures, water quality and stormwater pollution prevention measures, noise control measures, hazardous materials and waste management, and other best management practices.
>
> "Proposals should include a maximum volumetric or weight limit for storage of unprocessed material and finished product on the Site at any one time. The Port envisions that Port and Respondent will negotiate a maximum limit for storage of these materials. Gate receipts, sales and related documentation will be subject to periodic audit.
>
> "The Operator's acceptance of demolition asphalt at the Site will only be permitted by the Port after review and approval of a business plan that demonstrates existing markets for asphalt by-products."

The proposed project has the following objectives:

- Provide a high quality construction materials recycling center serving the construction community and the greater San Francisco and Bay Area community, operated utilizing best management practices to achieve state of the art environmental compliance or beyond;
- Promote City policies related to landfill diversion, construction materials recycling, and use of recycled materials in City public works projects;
- Provide for the processing and sales or storage of the Existing Stockpile;
- Maximize Port revenue from the Site;
- Provide employment and contracting opportunities for residents and local businesses; and
- Provide perimeter improvements (such as natural-based stormwater management swales and/or other landscaping improvements) and maintain these improvements to mitigate any impacts of the operation.

**Advertising and Pre-Bid Conference**

Port staff advertised the RFP opportunity in newspapers used by the Port's Real Estate Division for this purpose, and via direct communication with its current list of crushing companies and the Construction Materials Recycling Association.

Seventeen members of the public representing twelve firms attended the pre-bid conference on November 15, 2007. Port staff answered questions at the conference and published written responses to questions on the Port's web site.

**Advisory Panel and Staffing**

Port staff recruited a panel of four advisors to review and score the RFP responses ("Advisory Panel") consisting of the following individuals:

- Carol Bach, Environmental & Regulatory Affairs Manager, Port of San Francisco;
- Tim Leung, Administrative Engineer, Port of San Francisco;
- Lawrence Brown, Financial Analyst, Port of San Francisco; and
- Steve Lautze, Green Business Projects, City of Oakland Economic Development Division.

Port staff provided technical support to the Advisory Panel, including review of regulatory compliance history, analysis of financial capacity and pro-forma analysis.

In addition, the Advisory Panel and Port staff heard presentations from Department of Public Works and Department of the Environment staff regarding local market conditions for the products of a construction materials recycling center focused on City specifications for purchase and use of such material and the City's recycling policies and ordinances governing construction recycling and use of recycled products.

Through this preliminary research, the Advisory Panel learned that:

- Markets for the bulk of the Existing Stockpile at SWL 352 (concrete with asphalt grindings) are limited in San Francisco, because the City and County does not utilize Class II Base[1] material under its streets but uses a concrete sub-base instead[2]. In light of this fact, the Port may benefit by developing its own uses for the Existing Stockpile rather than utilizing the Construction Materials Recycling Center Operator to sell this material on the Port's behalf[3].

- The Department of Public Works is evaluating a number of changes to its engineering specifications for utility trenches, sidewalk, curb, gutter, and related elements, and

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[1] Class II Base can be made with recycled concrete and asphalt, providing for an end use market for recycled asphalt.

[2] These localized market conditions may have contributed to the failure of prior construction materials recycling centers on port property.

[3] Port staff has identified two such potential markets: expansion of the Pier 80 terminal onto approximately 7 acres of the Western Pacific parcel and development of leasing "pads" on unleased portions of the Backlands.

appears to be considering recycled materials for these applications.

- The City is unlikely to approve the use of Class II Base under its major arterials, and will likely continue to use concrete sub-base under these streets to bridge areas prone to subsidence and to support heavy vehicles such as MTA buses.

- The Department of Public Works should evaluate the use of recycled Class II Base material under sidewalks and under residential streets with lower travel indices.

- The City's asphalt plant has limited capacity to incorporate Recycled Asphalt Product in its asphalt production (maximum 15% input, but only for certain types of streets).

- The Department of Public Works has already approved the use of recycled aggregate in the concrete sub-base for City streets.

In short, this research indicated that while there are strong local markets for sand, recycled aggregate and drain rock (all of which are produced from recycling concrete), there are limited local (City) markets for Class II Base material and Recycled Asphalt Product.

This distinction is important, because the traditional model for this type of construction materials recycling center involves accepting both asphalt and concrete, and using these feedstocks to create significant quantities of Class II Base, among other products.

In addition to its evaluation of the proposals, the Advisory Panel made the following market-related recommendations:

1. The Department of Public Works should expedite its tests of recycled utility trench backfill and recycled aggregate in sidewalk, curb and gutter applications and approve the use of recycled materials that pass required tests. These end uses provide important and high-value markets for a construction materials recycling center.

2. The City has already mandated recycling of construction materials in order to increase the City's diversion of materials from landfill. The City should also consider mandating the use of recycled materials in certain construction projects (sidewalk, curb, gutter and street construction), rather than simply permitting the use of recycled materials (consistent with its requirements to buy recycled paper, etc.).

3. Replacing the City's aging asphalt plant would create a new local market for Recycled Asphalt Product, because the recycling capacity of new plants can be 40% of material input.

**The Proposals**

The Advisory Panel met twice in preparation for interviews and developed questions for all respondents and specific questions for each respondent. The Advisory Panel interviewed all four respondent teams on January 23, 2008. Port staff is grateful to the Advisory Panel members for their participation in this process.

The proposers demonstrated strengths and weaknesses that varied with each team. Three of the firms, Evans Brothers, Aman Environmental, and Granite Construction are construction contractors with significant experience recycling construction debris. The fourth, Raisch/Norcal, is a team focused primarily on recycling construction debris, with additional experience in operating asphalt batching operations and other forms of construction material recycling. Each of the respondents met the minimum five years of experience required by the RFP.

Three of the teams (Aman Environmental, Evans Brothers, and Granite Construction) suggested that the Port's lease negotiations with the selected Operator contemplate asphalt batching as a means of enhancing demand for recycled asphalt product.

Port staff appreciates the time respondents spent preparing their responses to the RFP, answering advance interview questions and meeting with the Advisory Panel.

**1. Raisch/Norcal**

The current Raisch Products team has been involved in roadway products manufacture since 1984, with significant experience in designing and operating recycling centers for inert construction materials. Raisch Products operates similar recycling centers in Sunnyvale, Fremont and San Jose. Norcal operates two major material recovery facilities in San Francisco: Recycle Central (on Port property) and the Integrated Material Recovery Facility (the "IMRF").

***Strengths of Raisch/Norcal Proposal***

- A business plan focused on recycling concrete (and not asphalt), with unique sources of concrete (Norcal's IMRF);
- A base rent proposal of 15 cents per square foot with participation rent and pricing for rent credits for processing of the Existing Stockpile that fell within the Maximum Unit Prices specified in the RFP;
- A proposed product mix of 60% concrete aggregate, 20% sand, 10% Class II Base, and 10% other products, reflecting local market conditions;
- Strong team experience focused on recycling operations of the type specified by the RFP;
- DBE participation in the team and specific local hiring plans from the Southeast community;
- New, custom-designed crushing equipment;
- An exemplary environmental compliance record;
- An option to negotiate for expanded recycling of different types of construction materials on expanded footprint (with Norcal); and
- Stormwater compliance plans compatible with the Port's stormwater management plan.

*Weaknesses of Raisch/Norcal Proposal*

- Raisch is a company in transition, having recently sold its asphalt batching operations, and has uncertain financial capacity to deliver the project; and

- The proposal is structured in a manner whereby Norcal may withdraw from negotiations, leaving Raisch as the sole respondent.

**2. Evans Brothers**

Evans Brothers is a California corporation based in Livermore. Evans Brothers is a licensed general contractor which operates three similar recycling center operations in West Sacramento, Livermore and Brisbane. Evans Brothers also has quarry and asphalt batching experience.

*Strengths of Evans Brothers Proposal*

- A base rent proposal of 16 cents per square foot increasing to 23 cents per square foot in 2011-12 and pricing for rent credits for processing of the Existing Stockpile that match the Maximum Unit Prices specified in the RFP;

- An ability to self-finance the proposed Construction Materials Recycling Center;

- Strong experience in the local construction market; and

- A satisfactory environmental compliance record.

*Weaknesses of Evans Brothers' Proposal*

- This proposal contained less information than other proposals; and

- A relatively simple business model with few proposed site improvements.

**3. Aman Environmental**

Aman Environmental is a general contractor with licenses in California and other western states. It is a wholly-owned subsidiary of URS Corporation, a company listed on the NY Stock Exchange with $9 billion in annual revenue. Aman Environmental is a sister company to Cleveland Wrecking, another URS subsidiary. Aman Environmental operates a similar construction materials recycling center in Oakland, and has experience with major construction/demolition projects in San Francisco.

*Strengths of Aman Environmental Proposal*

- Extremely detailed proposal, including facility design, implementation timeline, environmental controls and best management practices, and specifications for using recycled materials in City construction projects;

- Strong environmental compliance record, including quick corrective action and few, if any, repeat offenses;

- Strong team experience;

- Strong financial capacity with URS Corporation parent; and

- Efficient facility layout, with state-of-the-art dust control technology, fencing and tree planting.

*Weaknesses of Aman Environmental Proposal*

- A rent proposal based on participation in net receipts, with no base rent (albeit with low prices to crush the Existing Stockpile). The respondent expressed an unwillingness to consider a base rent proposal unless the City changes its roadway design section; and

- A business plan with unspecified percentages for the proposed mix of products. Proposed products include Recycled Asphalt Product which may have a regional market, but enjoys a very limited local market.

**4. Granite Construction**

Granite Construction, a California corporation, was founded in 1922 and has 85 years of mining, processing, construction materials processing and construction experience. Granite Construction has annual receipts of $2.5 billion, with over 7,500 employees. Granite Construction operates similar construction material recycling centers in Bakersfield, Rio Linda, and Pleasanton.

*Strengths of Granite Construction Proposal*

- Very detailed proposal, including facility design, local hiring plans, market analysis and a specific proposed amendment to local law to enhance the use of recycled materials in City construction projects;

- A proposal to take title to the Existing Stockpile and to crush and process this material for very low prices ($2 per ton);

- A proposal to utilize rail connections at the Port's ICTF, working with the Port's tenant Waste Solutions Group;

- A potentially unique market for Recycled Asphalt Product at Granite Construction asphalt plants in the Bay Area;

- Strong team experience, including depth of experience in the construction industry; and

- Strong financial capacity.

*Weaknesses of Granite Construction Proposal*

- A rent proposal based on participation in sales only, with no base rent, and a proposal to start up operations with no tipping fees for acceptance of waste material (a major source of potential revenue); and

- A significant record of environmental citations and fines, including repeat offenses.

**RFP Evaluation Criteria**

As stated in the RFP, the Advisory Panel used the following criteria in evaluating the RFP responses:

A. Quality of the operations concept, based on targeted clientele, materials accepted for recycling, markets for resulting products, and equipment and staffing. **(10 points)**

B. Financial capacity of the Respondent, based on ability to raise and commit funds for start up operations, the Scope of Work and continuing operations and maintenance. **(10 points)**

C. Experience, organization and reputation of the Respondent's team, based on clear lines of authority and assignment of responsibilities, demonstrated responsiveness and decisiveness, and overall qualifications and availability of key individuals of the Respondent's team, economic success of similar ventures, relationships with contractors and operators, ability to implement a Construction Materials Recycling Center quickly and effectively, and ability to work constructively with City and community representatives. **(10 points)**

D. The regulatory compliance record of the Respondent. **(15 points)**

E. The proposed layout and design of the Construction Materials Recycling Center, including materials handling equipment, throughput capacity, landscaping improvements, environmental mitigations and best management practices and compatibility with the Southern Waterfront area. **(10 points)**

F. The local economic benefits of the Respondent's proposal, including local job training and hiring plans, participation by Human Rights Commission-Certified Small and Local Economically Disadvantaged Business entities (e.g., ownership and/or partnership interests), and subcontracting opportunities for Human Rights Commission-Certified Small and Local Economically Disadvantaged Business entities. **(10 points)**

G. Economic return to the Port, based on Base Rent and Percentage Rent and Schedule of Prices proposed by Respondent. **(25 points)**

H. Financial viability of the proposal, based on adequacy of projected revenues to support the investment, reasonableness of the cash flow analysis, and proposed capital investment for improvements. **(10 points)**

## Scoring

Table 1 below shows the Advisory Panel's aggregate scores for all four proposals, with high scores for each criteria in **bold**.

| Table 1: Advisory Panel's Aggregate Scores | | | | |
|---|---|---|---|---|
| **Criteria** | **Raisch/Norcal** | **Evans Brothers** | **Aman Env.** | **Granite** |
| Quality of concept, materials accepted, and products | **33** | 31 | 26 | 25 |
| Financial capacity | 29 | 26 | **35** | 34 |
| Experience | **35** | 30 | 30 | 25 |
| Environmental record | **56** | 34 | 41 | 28 |
| Facility layout and design | **35** | 23 | 30 | 19 |
| Local economic benefits | **33** | 23 | 23 | 21 |
| Economic return to Port | 82 | **83** | 68 | 36 |
| Financial viability | **31** | **31** | 27 | 21 |
| **Totals** | **334** | 281 | 280 | 209 |

## Conclusion

The Raisch/Norcal proposal offers a business model that best fits local market conditions, a superior economic return to the Port, the best environmental compliance record, strong local economic development benefits in the form of local hiring and DBE participation and a unique partnership with deep experience in construction materials recycling.

Based on the Advisory Panel's analysis, Port staff will present these findings to the Southern Waterfront Committee and, thereafter, seek Port Commission authorization to enter into exclusive negotiations with the Raisch/Norcal team. To address concerns about the financial viability of Raisch Products, the Advisory Panel will recommend that the authorization for exclusive negotiations be conditioned upon participation of both Raisch Products and Norcal, with the goal of entering into a lease with both parties (or a formal partnership or joint venture of the two).

## Next Steps

In recognition of the difficult history of construction materials recycling on Port property, Port staff offers this report as an informational item. After making a presentation of these findings to the Port's Southern Waterfront Advisory Committee at its February meeting, Port staff will return to the Port Commission on February 26, 2008 to seek authorization to enter into exclusive negotiations with Raisch/Norcal for a Construction Materials Recycling Center at SWL 352.

Prepared by: Brad Benson
Special Projects Manager

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 6, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Rodney Fong
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request for Special Event Fee Reduction for the Classic Car Show for approximately 44,814 Square Feet of Space at Pier 45, Shed A, from February 13 to February 18, 2008.

**DIRECTOR'S RECOMMENDATION:** APPROVE RESOLUTION

**Overview**

The Classic Car Show was initiated at Fisherman's Wharf following the economic downturn after September 11, 2001. Tourism plummeted, and the Fisherman's Wharf Merchant's Association welcomed this event to bring visitors to the Wharf, particularly during the slower winter months. It is organized by the S.F. Bay Area Chapter, Model A Ford Club of America, a non-profit organization ("Organizers").

The Classic Car Show starts with a parade of collector automobiles through the City and ends with some on display at Pier 45, for an up-close and personal experience with the vehicles and their enthusiasts. A portion of the gate receipts will again benefit Special Olympics and, this year, a meaningful donation will also be made to the Fishermen's and Seamen's Memorial Chapel Fund. The event is advertised City-wide.

The Organizers will set up in the shed on Wednesday, February 13th. The parade begins at noon on Friday, February 15th, in front of City Hall, and ends at Pier 45. Vintage vehicles will be on display on Friday, Saturday, and Sunday. The Organizers provide around-the-clock security throughout the car show. The Organizers will clean and vacate the shed by 12:00 noon on Monday, February 18th, at which time the shed is returned to the Fisherman's Wharf Restaurant Association for overflow parking services.

**THIS PRINT COVERS CALENDAR ITEM NO. 11B**

**Background**
To date, the Port has always provided the Organizers with a rent reduction in recognition that the event brings visitors to the waterfront. In addition to reduced rent, the Port has also foregone parking revenues which are displaced by the event. To the Port's knowledge, there are no other city agencies, membership groups or merchants providing any cash support to the event.

This year, the Organizers have requested a rent reduction of 86% or $10,350. The Organizers have also asked the Port to forego parking revenues during the five days that they occupy Pier 45 Shed A. This amounts to a loss of $5,363 in parking revenues to the Port and $1,788 in tax revenues to the City. Notably, no other Fisherman's Wharf merchants, associations or beneficiaries are contributing to the event.

Since 2007, there has been a reduction in parking availability in the Fisherman's Wharf area with the closure of Pier 43½. Shed A has become a much more important parking resource for all businesses in the area. The Classic Car event will exacerbate an already tight parking situation. Additionally, the event is scheduled for President's Day weekend and Valentine's Day weekend when there is a much higher demand for parking than might occur on a non-holiday weekend. The tourism market continues to improve since 2004 but 2007 was still a bit tenuous for Fisherman's Wharf merchants, in part due to the relocation of the Alcatraz concession. To this end, the Port has again offered to be a sponsor of the event.

Given this public purpose and the Organizers' desire to have a successful event, Port staff propose to offer them a rental rate reduction of 50% or $6,000. The 50% rent reduction consideration has been approved in the past for Delancey Street for its Christmas tree operation. The only other reductions considered by the Port have been for either city sponsored events which provide an area-wide benefit (Fourth of July and Fleet Week) or Maritime-related events such as Madonna del Luma or the Small Boat Commercial Salmon Fisherman's Association gear swap meet. The Port is not in a position to grant all non-profit users of its properties a rent reduction.

In subsequent years, Port staff recommend that the Organizers be subject to the Port's gross rental parameter rental rates unless special circumstances justify a rental reduction or offset at that time. The Port will analyze the year-to-year benefit of this event to stimulating tourism among our tenants. Part of the Port's analysis will be measured by the amount of non-Port sponsorship procured by the Organizers from the Fisherman's Wharf merchants, associations and/or neighborhood group. In return, the Port's logo would accompany any materials advertising the event, as an official sponsor. Under no circumstances would such rental reduction exceed 50%.

**Recommendation**
Port staff recognizes the benefit of bringing this event to the Fisherman's Wharf area and supports a 50% reduction of the Special Event fees for 2008 only. Port staff recommends a one-time reduced fee to the Classic Car Show operators of $6,000 plus a $2,000 deposit. All other use terms and conditions will be met.

Prepared by: Claudia Davison, Commercial Property Manager
For: Susan Reynolds, Deputy Director, Real Estate Division

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-09**

WHEREAS, the S.F. Bay Area Chapter of the Model A Ford Club of America is proposing to rent Pier 45, Shed A from 8:00 a.m. February 13, 2008 to 12:00 noon on February 18, 2008 for a Classic Car Show; and

WHEREAS, the S.F. Bay Area Chapter of the Model A Ford Club will donate a portion of their event profits to support Special Olympic athletes and the Fisherman's and Seaman's Memorial Chapel Fund; and

WHEREAS, the annual Classic Car Show generates revenues which support the non-profit organization and other local non-profit charities; and

WHEREAS, Pier 45, Shed A is an appropriate site with proximity to other Wharf facilities and attractions; and

WHEREAS, the Port of San Francisco could enter into a license agreement to allow the S.F. Bay Area Chapter of the Model A Ford Club of America annual Classic Car Show at a reduced Special Event fee of $6,000 for 2008 only; now therefore be it

RESOLVED, that this Commission hereby authorizes the Executive Director of the Port, or her designee, to enter into a license with the S.F. Chapter of the Model A Ford Club of America, for use of Pier 45, Shed A, from 8:00 a.m. February 13, 2008 through 12:00 noon February 18, 2008 at a one-time fee of $6,000; and be it further

RESOLVED, that the license requires the S.F. Bay Area Chapter of the Model A Ford Club to pay a $2,000 deposit and install, maintain and remove the Association's materials and gear, at no cost to the Port, by 12:00 noon on Monday, February 18, 2008 and to also comply with other provisions of the License.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 12, 2008.***

_____
Secretary

CITY
PARKING
COMPANY

1232 MARKET STREET, SUITE 116
SAN FRANCISCO, CALIFORNIA 94102
TEL: (415) 558-9147 FAX: (415) 558-9257

January 30, 2008

Katharine Arrow
Sr. Property Manager
Port of San Francisco

Fax No: (415) 544-1713

As per your request, I am projecting the possible loss of parking revenue at Pier 45, Shed A, during the President"s Day Holiday Week-ends. We have also Valentine's Day on the 14th, on which day, all the restaurants are traditionally booked-up; hence, we use Pier45 for over flow. Additionally, we have the Amgen Bicycle Race from February 17 thru February 24th. Further consideration, we have the Franciscan Restaurant Parking Lot, Pier 43 is now closed. I project that on Thursdays, February 14th the revenue would be $850.00; Friday, $1,500.00; Saturday, $2,300.00; Sunday, $1,800.00 and on Monday $1,400.00.

Please note that our parking operation is most weather sensitive and would definitely reduce the above projected gross revenues by 50% to 60%. We have City Parking Tax of 25% of the gross revenue is deducted.

If you have any questions, please call me. Thanks.

Sincerely,

Richard B. Stein

## Projected Loss of Parking Revenue for Pier 45 Shed A

| | February | | | Full or Partial Day | | Projected Revenue |
|---|---|---|---|---|---|---|
| Wednesday | 13 | no projected amount for Wednesday | | | | |
| Thursday | 14 | $ | 850.00 | 100% | $ | 850.00 |
| Friday | 15 | $ | 1,500.00 | 100% | $ | 1,500.00 |
| Saturday | 16 | $ | 2,300.00 | 100% | $ | 2,300.00 |
| Sunday | 17 | $ | 1,800.00 | 100% | $ | 1,800.00 |
| Monday | 18 | $ | 1,400.00 | 50% | $ | 700.00 |
| | | $ | 7,850.00 | | $ | 7,150.00 |
| Parking Tax | @ 25% | $ | 1,962.50 | | $ | 1,787.50 |
| Net Loss to Port* | | $ | 5,887.50 | | **$** | **5,362.50** |
| Projected Loss to City in Parking Tax Revenues | | | | | **$** | **1,787.50** |
| Total Combined Revenue Loss | | | | | **$** | **7,150.00** |

* Does not include staff time

# SAN FRANCISCO
# PORT COMMISSION

## FEBRUARY 12, 2008
## MINUTES OF THE MEETING

DOCUMENTS DEPT.

FEB 22 2008

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## MEMBERS, PORT COMMISSION

HON. KIMBERLY BRANDON, PRESIDENT
HON. RODNEY FONG, VICE PRESIDENT
HON. ANN LAZARUS
HON. MICHAEL HARDEMAN
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR**
**AMY QUESADA, COMMISSION SECRETARY**

# CITY & COUNTY OF SAN FRANCISCO
# PORT COMMISSION

## MINUTES OF THE MEETING
## FEBRUARY 12 , 2008

**1. CALL TO ORDER / ROLL CALL**

Commission President Ann Lazarus called the meeting to order at 2:02 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon, Rodney Fong and Michael Hardeman. Commissioner Stephanie Shakofsky was not present.

**2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

**3. APPROVAL OF MINUTES** - January 15, 2008

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The minutes of the January 15, 2008 meeting were adopted.

**4. PUBLIC COMMENT ON EXECUTIVE SESSION**

**5. EXECUTIVE SESSION**

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:03 p.m., the Port Commission withdrew to executive session to discuss the following:

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion)

a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

Number of potential cases: __1__ As Plaintiff

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

b. Property: Seawall Lot 351 (Washington Street at the Embarcadero)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*San Francisco Waterfront Partners II: Simon Snellgrove

## 6. RECONVENE IN OPEN SESSION

At 3:20 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## 7. EXECUTIVE

A. Election of Port Commission Officers.

Commissioner Fong thanked Commissioner Lazarus, as an outgoing president, for her leadership. Commissioner Lazarus offered a sound, fair, logical approach to the Commission. She has led, by example, by giving everyone the opportunity to have discussion. He congratulated her and thanked her for her leadership.

Commissioner Lazarus opened the floor for nominations of Port Commission President.

Commissioner Fong nominated Commissioner Brandon as President of the Port Commission; Commissioner Hardeman seconded the motion.

Commissioner Kimberly Brandon was elected President of the Commission.

Commissioner Brandon thanked Commissioner Lazarus for her leadership over the last couple of years. She was very instrumental in the successful passage of Proposition A, which is a first in Port's history. She was also very involved in the successful passage of the seawall lot legislation. Both of which are two new revenue streams for the Port. She has done a wonderful job in her leadership and she has left big shoes to fill.

Commissioner Brandon opened the floor for nominations of Port Commission Vice President.

Commissioner Hardeman nominated Commissioner Fong as Vice President of the Port Commission; Commissioner Lazarus seconded the motion.

Commissioner Fong was elected Vice President of the Commission.

Commissioner Hardeman complimented Commissioner Lazarus as president of the Commission. It's a nice title but it means that you have to put an awful lot of time into the Commission. He appreciates all that she has done. He's sure that Commissioner Brandon will do the same. She's had the experience in doing it before.

On behalf of Port staff, Executive Director Moyer thanked Commissioner Lazarus for her servitude. She thanked the Commissioners for all of the hours they've put in but most importantly, the president and the vice president in representing the Port on various constituent matters and various matters that affect the Port and some of the difficult decisions that have been made about moving the Port into a new revenue generation. With that, Ms. Moyer indicated that she can't thank her enough for dropping everything and running to our offices and being there for our staff. Taking all of our calls at her home number, personal phone and work phone. With all the many work phones she's had in the last two years, they all know and have come to envy us that we have taken so much of her time. She encouraged her to still come and give as many speeches on behalf of the Port that she can handle and to continue to be the Port's strong advocate. On behalf of Port staff, we are starting a new tradition where the outgoing president now gets to take home the gavel. The plaque states: Ann B. Lazarus, in appreciation of your leadership, dedication and commitment as President of the San Francisco Port Commission, January 2006 to December 2007. She thanked Commissioner Lazarus and wished her best wishes as always.

Commissioner Lazarus indicated that later this evening, Commissioner Brandon will be honored as a woman who could be president, which she is now. She can't believe two years have gone by already. She has said often and will continue to say that we have the best Commission in San Francisco. We have been fortunate with the skills and the expertise and the willingness to give time of everyone here. There's no doubt in her mind that we have the best staff of any City department. She enjoys working with everyone. It's a pleasure to take their phone calls because it's always a great conversation. She hopes that she has not bothered staff too much because she's

initiated a few of those over the last two years. It's been a pleasure and a privilege and she hopes that come this spring, she will have another opportunity to serve on this Commission. She thanked everyone for making it easy for her the last two years.

Ms. Moyer thanked Commissioner Brandon for her servitude as vice president, but more importantly, her willingness, her courage, her bravery in taking on the role as president of this Commission. We have a very big agenda going forward in the next year or two. We will be as dependent upon her as ever. She can't thank her and her family enough for being willing to serve in this capacity. She welcomed her aboard and on behalf of Port staff, she presented her with a bouquet of flowers.

B. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Report on the American Association of Port Authorities Cruise Conference – The Port was a sponsor of the Cruise Conference. Last week, approximately 110 AAPA members attended the conference, more than 50 of those were ports that specialize in the cruise business in some fashion. The conference was also attended by most of the CEOs of many of the major cruise ship lines. It was a wonderful week. Port staff were in a roomful of people who thought that the Port of San Francisco was a great entity, doing great things and in many ways, they were very envious not only of our beautiful city and our beautiful setting but some of the things that we've been able to accomplish. Port staff received kudos from the CEOs for not only the efforts that we are making with respect to bringing shoreside power here for cruise ships, passenger vessels but also our efforts to bring in a new cruise ship terminal. Port staff received a lot of acknowledgement. There were very good press articles. In addition, we were able to meet with the editorial board of the Chronicle regarding a proposed rule making change which would affect our cruise business and to get support from the Chronicle and others on that very important issue. It was a very exhausting but a successful week for Port staff. We were flattered to have been chosen to host this event. Last year, the event was in Grand Cayman; next year, it will be in Mazatlan. It was good to know that San Francisco can turn out a better crowd than some of those vacation spots.

- League of Women Voters' Women Who Could be President Gala Reception – February 12, 2008 at City Club – 5:30 p.m. to 8:00 p.m. – Commissioner Kimberly Brandon, Honoree – Tonight, the League of Women Voters is going to be honoring 5 women who could be president which includes Commissioner Kimberly Brandon. The League works to increase understanding of major public policy issues, and influences public policy through education and advocacy. It is an organization who wants to make a difference in the political future of their communities. The important work of the League of Women Voters of San Francisco is typically carried out by its committees. Commissioner Kimberly Brandon will be honored along with Elmy Bermejo, immediate past chair of the CA State Commission on the Status of Women; Clothilde Hewlett, partner at

Kirkpatrick & Lockhart Preston Gates Ellis; Adrienne Pon, CEO of Zeum; and Dr. Elisa Stephens, president of the Academy of Art University.

- Commendation for Captain Pete Schembri – Captain Schembri has been reassigned by Chief Schultheis to the airport. Captain Schembri has been stationed at the Port of San Francisco for four years. He has served the fire department for almost three decades in amazing capacities. He has the privilege of handling a lot of issues on Port property that never make the news. We have more fires on our piers from people using wood piles to put out cigarettes. In all hours of the day and night, he's available to tell her why it is there's sirens coming to our property yet again. She will never forget that her first week on the job, the fire department responded to the Ferry Building three times for various incendiary reasons, all of which proved to be fairly incidental. It is with great gratitude that all of us at the Port wish him a fond farewell and best wishes at the airport. He hopes that he have fewer incidents there than at the Port. She wished him all the best and she welcomed Captain Pruitt.

  Commissioner Brandon thanked Captain Schembri for all his years of service to the City and especially the Port. The plaque states, "In appreciation of your excellent work and outstanding efforts in working with the Port of San Francisco. January 2008."

  Captain Schembri thanked Executive Director Monique Moyer. He is not sure what the process is to hire staff for the Port. However, over his five year tenure at the Port, he had the privilege and opportunity of working with some very smart, hardworking, fine people from various departments such as Maintenance, Planning, Real Estate and other facets of the Port. He has been very fortunate and privileged to work with these people in many ways. During his 30-year career, he's worked in prevention, suppression and investigation. This has been one of his prime assignments. For that, he thanked Chief Schultheis for keeping him at the Port as long as she did. He thanked everyone at the Port for being such wonderful people and working so well together.

- Al Baccari plaque unveiling ceremony - February 19, 2008 at 4 p.m. at the Fishermen's and Seamen's Memorial Chapel – Mr. Baccari and his family were very instrumental in all of the great improvements and reopening of the Fishermen's and Seamen's Memorial Chapel at Fisherman's Wharf. He generously placed a beautiful plaque on the edifice thanking the Port and commending all of Port staff for their efforts. We have likewise plan to place a plaque on his behalf on Tuesday, February 19 at 4 p.m. at the Fishermen's and Seamen's Memorial chapel to thank Mr. Baccari and his family for their continued dedication and generosity.

- Passage of Proposition A – Proposition A is the first time in three decades that the Port of San Francisco has won voter approval of a tax backed measure or for any revenue bond measure on the ballot. It is a tremendous step forward for the Port. It demonstrates the desire by the entire city to see the waterfront be prosperous

and open to all generations and she looks forward to what that bond measure can do for the Port. It's $33 million GO bond. Thanks to the hard efforts of the Port Commission, particularly Commissioner Lazarus and Commissioner Fong, Tina Olson, Dan Hodapp, Diane Oshima, David Beaupre, Brad Benson, Tom Carter and many others who gave countless hours and did all kinds of things to garner attention. She thanked Commissioner Ruth Gravanis who couldn't have been a better advocate for the Port. It is remarkable that we were able to come together so clearly with a great vision and very proud that as a result of this measure, there will be definitive measurable change on the waterfront that will last for another hundred years. That is a great legacy. She thanked everyone in the room for their support and consideration.

Susan Reynolds, Deputy Director of Real Estate, thanked Commissioner Lazarus for all her help and support. When she first came to the Port, she received so much guidance from Commissioner Lazarus. She congratulated Commissioner Brandon and hope to continue their good working relationship. She thanked Captain Schembri on behalf of the Real Estate Department and herself personally. He has done so much to move business forward. She knows that it is the Real Estate Division's mission to get the properties leased and maintain the Port's assets. Capt. Schembri has been such a wonderful resource. She will miss him and his cheery personality. He used to cheer them up when they were mired up to their eyeballs in different problems.

**8. CONSENT**

A. Request for Port Commission's Consent to proposed Sublease between Costarella Seafood L-13163 and Aloha Seafood, Inc. for a portion of the premises located at Pier 45, Shed D-6. (Resolution No. 08-07)

B. Request authorization to execute a contract modification to the Illinois Street Intermodal Bridge South Approach Contract No. 2709 with Stacy and Witbeck, Inc. to increase the contract amount by $282,357 and to extend the substantial completion date to March 21, 2008. (Resolution No. 08-08)

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. Resolution Nos. 08-07 and 08-08 were adopted.

C. Project Status Report for the Pier 52/54 Boat Launch Project, Contract No. 2713, with Dutra Construction Co., Inc.

**9. FINANCE AND ADMINISTRATION**

A. Informational Presentation on the Port's Annual Operating Budget for Fiscal Year 2008-09.

Tina Olson, Deputy Director of Finance and Administration, thanked Commissioner Lazarus for her leadership. She and Commissioner Fong did a great job on Proposition A. She thanked her for all her support and taking all of her phone calls at 7:30 in the morning. She welcomed Commissioner Brandon and indicated that they will have fun building the parks in the southern waterfront.

Ms. Olson indicated that she found an error in the budget today of $70,594, under services of other city departments. Staff will make that correction before the budget is presented for approval at the next meeting. The budget is pretty simple this year. We have revenue increases of $3.4 million, most of which are coming from the commercial/industrial rent increases. Some are the COLAs as well as some new leases that we've entered into at various facilities. We are still seeing increases in parking revenues, approximately $400,000. We had about $395,000 on the maritime side; those are being driven mostly by the Hansen Aggregate lease and the LB Railco lease and rail agreement that the Commission approved last June.

Ms. Olson indicated that on the operating expense budget, we have a net increase of $1.5 million or 2½%, a modest increase in the operating budget. Most of that increase is in salaries and fringe benefits. Some of which is from the increases that are negotiated in the labor MOUs as well as annual increases of 5-10% in health benefits as well as pension contributions. We also have some staffing changes. The main changes are in the Maintenance Division. There are five new recommended positions. All of them are being offset by cost savings. There's no net increase in the Port's budget. There are two general laborer positions and one truck driver position to maintain the Embarcadero roadway that DPW currently maintain. They have been maintaining it with funding from the Transportation Authority. In the current year, that money is running out so they've asked the Port to pay for it. The Maintenance division indicated that they could do it for less. In addition, it's not going to take a full time employee to maintain the Embarcadero Roadway particularly with the mechanical street sweeping. The truck driver position will run the vactor truck that cleans out the catch basins. Another position in Maintenance is for an electrician to maintain all of the new upgrade electrical systems that we have put in0to the PUC energy efficiency upgrades. We want to be able to maintain those so we can continue to get those savings. A plumber position is also being added to manage and prevent sewer overflows and sewer discharges into the bay. We also recommend deleting the construction and maintenance supervisor II position. Last Friday, we met with the management staff in the Maintenance Division who proposed an alternative proposal. There was a concern about having some kind of leadership over the general laborers, truck drivers, asphalt workers and operating engineers. The new proposal is to delete a general laborer supervisor I position and add another position. The construction and maintenance supervisor position is the only one in the City. The department of Human Resources would like the Port to get rid of single positions and put in positions that are more citywide. Staff will work with HR staff to figure out the right position. It would probably be in the $80,000 to $90,000 salary range. We need to find something that can manage all of those positions that DHR would approve. A Utility specialist position is being added to the maritime division to help out with the regulatory work with State and federal agencies in terms of permitting requirements

and help out with the different Port's and Maritime environmental programs. This is a position that will primarily report to Jay Ach at Maritime but also assist Engineering staff. The other big increase is other current expenses for a total of $1 million. Some of that has been offset through costs savings elsewhere having to do with computer licenses, software licenses. Other increases are for the Oracle financial system and Accela. There is $290,000 increase for various software enhancements such as PropWorks and Accela. We've estimated increases in the fire department, city attorney work orders of approximately 5%. There are decreases in the budget. Some of it was for COWCAP which is per the city's new calculation of COWCAP, worker's compensation, various facility, maintenance projects. We increased the operating reserve by $1.2 million.

Commissioner Lazarus commented that the professional and specialized services under the Maritime Division have an increase of over $300,000 of what looked like a number of studies such as the Maritime Industrial Study and Tunnel Rail Study. She asked if those are one-time projects. Ms. Olson replied that those are one-time projects. Some will get added in and some will come off the list. We had a net decrease on all those project funding. Commissioner Lazarus indicated that it looks like good news because it's a lot of planning for projects. She asked if any of those are going to be funded from grants or other sources. Ms. Olson replied they will only be funded by the operating budget.

Ms. Moyer added that the intent is that they will be recovered from new revenues. One of the studies, for example, is to be able to leverage Pier 80, where we have a significant investment in the bridge and get the tunnels to be more operational for the Port. It's conceivable that with the Port doing these studies, we can identify new users that can pay us more revenues and bring Pier 80, in particular, up to greater capacity. The other study is related to moving forward on a cruise ship terminal.

Commissioner Lazarus indicated that she would characterize this as a conservative budget. Ms. Olson replied that it's pretty conservative. Part of what staff is trying to do is build up our reserves. In part because as we are going into the capital planning portion, we are getting ready to issue revenue bonds in a year and a half. We need to have a healthy operating reserve in order to get a good interest rate and get through the rating agency. That was a very intentional conservative approach to our budget with that goal in mind. We are trying to keep down cost since the economy isn't doing so great. We don't know how it's going to affect the Port next year.

B. Informational Presentation on the Port's Proposed $7.6 Million Capital Project Budget Funding for Fiscal Year 2008/09.

Tina Olson, Deputy Director of Finance and Administration, indicated we had $102 million worth of requests for projects from various port division which we could allocate $7.6 million. There was quite a process to go through and vet what the projects that were important to put forward that we could fund with those monies. We always have to do dredging, approximately $3 million a year. There are new projects such as $650,000 for various improvements along Taylor Street including

Drainage, signage and seating. $300,000 to begin the planning and design work for the Fisherman's Wharf Harbor Office. $500,000 towards the railroad track evaluation and improvements at Pier 80, 94, 96. These are in conjunction with the bridge. About $3 million were repairs and upgrades to the Port's facilities and utilities. Those are the types of projects that we normally do. We always have to do utility work; we always have money to do aprons, substructure repair work as they come up. We always have to do ADA until we get completely compliant.

Commissioner Lazarus asked how we factor in the money from the bond. Ms. Olson replied that according to the Mayor's office of Public Finance, the first time we can sell bonds will be August 2008. Until that time, staff is currently working on which projects to put forward first and analyzing the different cost elements. She envisions coming back to the Commission in August with a recommendation and a request for supplemental appropriation at that time. The City tends to want the General Obligation bonds to be appropriated through supplemental appropriations.

C. Informational Presentation on Policy for Use of Annual Port Reserve Funds.

Ms. Tina Olson, Deputy Director of Finance and Administration, indicated that we are trying to establish a reserve policy for the Port. The Government Finance Officers Association recommends that all government entities have a formal reserve policy. They recommend that we have at least between one to two months of operating costs or a 5-15% of operating expenses. Rating agencies want them to be higher so that there are assurances you can repay any debt issuance. The Port relies exclusively on its revenues. We don't get any tax revenues except for the GO Bond. If a major earthquake happened and the Port's facilities were destroyed, we would not be able to collect a lot of the revenues that we currently collect. We should try to be more conservative and be up on the 15% side. We need to have some sort of wiggle room within that. What are the real expenses we would have to cover in the event of an emergency before we could tap into any other non-Port funds to cover our expenses and to begin repairing our facilities. We have to cover salaries, insurance, debt, materials and supplies or any kind of contract payments. At a minimum, we need to have those costs covered. From a budgeting perspective, we will budget 15%. As things happen during the year, as long as we don't go below the ability to pay two months' of those critical costs, we are in a safe range. Our goal is 15% but they gave us some ability to go below it if we need to and come back with a budget that went back to 15%.

Commissioner Brandon commended Ms. Olson for a great job.

D. Informational Presentation regarding the annual update to the Port's 10-Year Capital Plan for Fiscal Year 2008-17.

Tina Olson, Deputy Director of Finance and Administration, indicated that staff put together the Port's first capital plan two years ago where staff identified all of the costs that the Port would need to incur to bring all of its facilities repaired and seismically upgraded. Two years ago, staff identified the costs and the problems. Last

year, staff realized that the development model that we've been operating under where a private equity was going to be able to fix our facilities and provide the public open spaces that the public wants wasn't working. We tried to find public funds to help solve some of those problems. This year we're starting to get a handle on not just defining the problem but coming up with revenue streams to solve it. The seawall lot legislation was critical in giving us a new tool to finance some of the upgrades for our property. Five to ten years from now, the Port is going to be a dramatically different place because of all the new financing tools.

The proposed 10-year plan identifies a total need of approximately $1.9 billion for deferred maintenance and seismic upgrade work required on Port facilities. Last year, staff identified $1.4 billion in total expenses in the capital plan. We are now in the city's capital plan database. That database projects going forward over ten years and allow the Port to run reports, e.g., predict when all the roofs will need to be replaced over time and allow Port staff to plan for those replacements. It's not just taking the backlog which is the Port's identified capital plan database. It says here's the backlog and here's what you have to do going forward. The most significant difference between the Port's FY 2008/17 capital plan and the previous plan is that in addition to the backlog the Port's plan now includes costs for 10 years of planned capital renewal which amounts to $420 million. The city is using a 7½ % cost escalation which equals to $109 million. We had other technical adjustments and revised cost estimates mostly related to Pier 70.

The following is a summary of the Port's funding sources:

| | |
|---|---|
| Port tenants operating budget: | $71 million |
| Development projects at Piers 27-31, 15-17: | $176 million |
| Revenue Bonds: | $162.5 million |
| Infrastructure Financing District: | $265 million |
| Port Operating Budget: | $96.2 million |
| GO Bonds: | $33.5 million |

Staff has identified a total of $804.4 million to address the $1.9 billion backlog. Last year, we were looking at $400-$500 million. We're starting to come up with the revenue sources and all of our hard work is starting to pay off.

The Port revenue bonds are backed by Port revenues. Infrastructure Financing Districts are bonds that will be backed by future possessory tax revenues that the City collects from the Port. The growth is usually related to development projects but it could be any long-term lease where there will be growth in the City's tax base. We are going to pay off debt next year. It will free up capacity for us to issue more debt. We are looking at new lease revenues from the SWL 337 development. We've estimated between $65-105 million in revenue bonds that we could issue depending on how large of a development is contemplated on that site. We took a few scenarios and estimated what the revenues and revenue bonds would be and proposed what project we would fund so we could start getting a handle of what the tradeoffs are with that development. The Infrastructure Financing District will be possessory tax

growth associated with the development of SWL 337. If we capture those taxes, what would we spend it on. Pier 70 is an IFD bond. Staff estimates $200 million would be available for the Pier 70 project.

The Port Revenue Bond totals $97.5 million. We have changed some of the project proposals. We are looking at doing the seawall repair at Pier 90/96. The logic being in an emergency, the City has the backlands in their plans for moving debris in and out of the city. If the seawall fell during an earthquake, it's catastrophic to the City so we should repair it. $8 million is the estimate for the rail tunnels. It's assuming that we would get Prop 1B funds to help pay for the rail improvements. It would be a 1 for 1 match. Pier 80 and Pier 50 are the same as the current year - $30 million a piece. Agriculture Building is the same as this year - $10 million. Piers 19-23 is the same $9 million and $2.5 million for wharves and aprons.

For the SWL 337 IFD bond and revenue bond, what we are proposing for the IFD bond is that we would focus on the southern waterfront with the Pier 70, Buildings 113 to 104. We would allocate $45 million so those buildings could be for public use. Blue Greenway Connections – it's exciting that we get the GO Bond for the Blue Greenway Parks but we don't have money for is to build the connection. It's the pedestrian and bicycle connections on Cargo Way and Illinois Street and 24th Street so we could have a full blue greenway between the parks and the bicycle connections. We could theoretically construct them all around at the same time. From the community's perspective, the Blue Greenway is being constructed. The Islais Creek is $4 million. We have the Islais Creek in the GO bond but it could free up more GO bond money to do other Blue Greenway projects if we could fund $4 million from the IFD bond to focus on Islais Creek. For the Revenue Bond from SWL 337, Pier 9 would be $21.4 million; Piers 19-23 for $19.6 million; Piers 33 or 35 $25 million. We programmed the $65 million from the revenue and IFD bond from the SWL 337 but we also have the other scenarios in the staff report.

Ms. Moyer pointed out that with the SWL 337 revenue bond, the legislation SB 815 requires that any revenues above our current revenue as of this past January 1st be reinvested in either open space or historic preservation. The piers that Tina Olson has identified would all be historic preservation renovation project.

Ms. Olson added that it's also an interesting mix between the southern and the northern waterfront. We wanted to focus on Pier 9 leasing model because it's a model we're looking at for possibly Piers 19-23 where the Port would fund the infrastructure improvements, the seismic upgrade, any of the seawall repair, apron repair, marginal wharf repairs and bring tenants in who would do build out of the space for office use or other temporary ten-year type of lease without having to do a large development project. That's a model that we could do for at least one of those facilities, if not more. She showed a picture of where the revenue bonds projects would be located: Agriculture Building, Piers 19-23. She showed the different scenarios staff looked at in terms of programming. The IFD bond was authorized through SB 1085. For the SWL 337, we are focusing on the southern waterfront with the Pier 70 buildings and the Blue Greenway. We're looking to develop the legislation and bring it to the Port

Commission and the Board of Supervisors this spring. For the seawall repairs, if there was model density in the SWL 337 for the IFD, it would bring in $20 million more. We thought we should fix the seawall so that the City wouldn't have to worry about a seawall collapsing. That was considered as a top priority if the development was that high. For high density development, $15 million more would go to the Amador Street and backlands infrastructure including the stormwater swales. Higher density development includes rail ferry repairs at Pier 52. We could take $5 million and preserve that. The lease revenues are at $65, $85 and $105 million. It's required to be spent on historic preservation and BCDC Special Area Plan open spaces. Moderate rent – we put $20 million into Piers 19-23 and fully fund all the repair costs required in those facilities. The higher rent we will put $12 million in Piers 30-35 and we could fully fund one of those piers to be rehabilitated. We could put $8 million into historic wharf repairs with the focus on the Wharf J9 at Fisherman's Wharf. It's important to note that one piece of legislation that a lot of people put a lot of sweat and blood into can bring a lot for the Port.

Pier 70 - $200 million, will depend on what the development is going to be. That is our current estimate and we would fund all the infrastructure improvements, the roads, the sewers, the lighting. The open space is not going to be funded through the GO bond and environmental remediation.

Commissioner Fong commented that this is terribly exciting. He is very optimistic about the capital plan. To him, the capital plan looks like a rubics cube and a problem and staff has figured out a potential solution to the problem. He's encouraged and thanked everyone who worked on this for their efforts.

Corinne Woods, Blue Greenway, thanked Tina Olson, Monique Moyer and everybody else who worked on this. It is an amazing plan. She thanked Prop A. This could be a real turnaround for the waterfront and she's so excited. Ms. Moyer thanked Corinne Woods for her work on Prop A.

**10. PLANNING & DEVELOPMENT**

A. Informational Presentation on the Exploratorium Project at Piers 15/17 on The Embarcadero at Green Street.

Jennifer Sobol, Project Manager, indicated that the Port Commission approved the Exclusive Negotiation Agreement and term sheet with the Exploratorium in February 2006. The Board of Supervisors determined that the proposal was fiscally responsible and feasible and endorsed the terms of the term sheet. The proposal is for the Exploratorium to lease Pier 15, the connector building and the valley between Piers 15 and 17 to repair and seismically upgrade the facility and to comply with the Secretary of Interior Standards for historic rehabilitation. They plan to build the museum inside of Pier 15, expand it and relocate from its current location at the Palace of Fine Arts. The new space would include exhibits and displays, a museum store, a restaurant, a café, classrooms, a theater and their ancillary offices. The valley which is currently asphalt paved parking area would be removed to expose the water

and a courtyard would be created. It would include outdoor exhibits and a lot of public access so people could come down and enjoy the views of the bay and explore the water and be close to the bay. The project also envisions a lot of perimeter public access around the piers. There would also be waterside uses such as a water taxi landing and a guest dock for excursion boats. The Port will continue to dock Navy ships on the east apron of Piers 15-17. The current term sheet includes an option for the Exploratorium to expand the museum into Pier 17 in the 17th year of the lease. However, the Exploratorium would like to lease Pier 17 at the same time that they lease Pier 15. They are currently in negotiations on Pier 17. If we reach agreement on those terms, staff will be back to the Commission for approval of a Pier 17 term sheet. The current agreement between the Port and the Exploratorium also requires that the Port's tug and tow operator, Bay Delta Maritime, which is currently located at Pier 15, be included in the facility. That it remains either at Pier 15 or Pier 17. The Exploratorium has chosen to relocate Bay Delta to Pier 17 so that they can expand and use all of Pier 15 for the museum. Staff is currently in negotiations with Bay and Delta. We are working on a three-way agreement and will be back to the Commission for approval. That would entail the Exploratorium at its cost, building out new office and warehouse space for Bay and Delta at Pier 17, repairing the north apron and dredging the Piers 17-19 basin so that their tugboats can operate at that site. Staff is working on an environmental impact report which will be required for this project. We've had discussions with BCDC and State Lands Commission staff. Those meetings have been productive and going well. As far as the design of the project, the Exploratorium has been busy with their schematic designs. The first design review was held last month before a joint meeting with the Waterfront Design Advisory Committee and the Design Review Board of BCDC. The design advisors were pleased with the overall design of the project but had many helpful comments and requested more detailed drawings. The Exploratorium team is addressing those issues and redesigning various aspects of the project.

Dennis Bartels, Executive Director of Exploratorium, thanked the Commission for the opportunity to provide an update of their plans. He thanked Monique Moyer for her leadership and support of this project and Jennifer Sobol, the project manager. This is a true partnership between the Port Commission and the Exploratorium. He is coming to understand all the ways that is meaningful. It's so exciting for him is to imagine all the credit. There's so much credit for this project that we could all take together with the successful completion not the least of which is putting two acres of new public land back into service as a new public park for the city, to take two dilapidated piers and give them both another hundred years worth of life, to create new spectacular public views. Views that have not been viewed by the public in decades at the end of those piers. It's one of the reasons they are in love with this site. This project opens them to the southeast part of town and the public transportation available in San Francisco. They have a deep heartfelt mission to open up all of the city and places like the Exploratorium to all parts of the city. They hope to create a dynamic new neighborhood and increase the rents throughout the whole area. If they are successful, one of their hopes is to add a vital, sort of a gem center stage on the waterfront for the City and County of San Francisco that attracts all sorts of visitors to that area. This can serve as a model for private/public partnership for the Port, for the Exploratorium

and for the City; not an easy thing to accomplish. This is one instance where they've been successful when every politician in town stands up and takes credit for making it happen; honestly, it's one of the metrics they are proposing for their strategic plan for the Exploratorium and to give the city something to be proud of, on center stage, a premier educational institution on the waterfront. These are some of the ways that this project is a gift from the Port, from the Exploratorium to the City and County of San Francisco and the surrounding regions. He introduced Tom Rockwell, director for exhibit environment at the Exploratorium and the heart and soul of the architectural program for the Exploratorium working with EHDD who are their architects and architects of many famous projects including the Monterey Bay Aquarium. He believes they have the best architects they could possibly have for this project.

Tom Rockwell showed the design presentation they made in front of the Design Review Boards of the Port and the BCDC. It is rapidly evolving. They are truly thankful for the site; it's the site at the boundary between the built environment and the natural environment that allows them to bridge between those two areas in a way that is perfect for their mission, bridging the human perception and the built environment and nature itself is what the Exploratorium is all about. This location affords dramatic views but also access to the whole city in a way that their current site has not given them. It is a remarkable place. He showed the current facades on Pier 15 and 17. He showed the current enclosed building and the two non-contributing to the historic resource portions of the site. He showed the current lease that Ms. Sobol mentioned they are in the process of negotiating a shift so that their current lease would also include the space that is currently occupied by Bay and Delta and move it to Pier 17. They compared the size and the dimension of the site to a number of public spaces around San Francisco such as Yerba Buena, Pier 1 and Piazza Navonna. The proportions are similar and it's part of what's inspiring their approach to treat not just the pier as a public space but the space in between them as an opportunity for a public plaza, a world class public plaza. They looked at other instances where there is an attraction you look down onto because the water is of varying different heights. They looked at other pier sites. They looked to the opportunities provided to create a lively pedestrian area in and around the pier buildings both for the general public and visiting public to the Exploratorium. Overlaid on the site and all of the opportunities are some of the important moves that the Exploratorium are considering. When you think of the Exploratorium, you think of a giant shed with lots of table top sized exhibits. They haven't had an outdoor site to work with at the Exploratorium so they focus on the little mini windows into nature and to nature phenomena. They believe this new site affords them the opportunity to open the windows large and take a measure of the bay and the region and create the whole site as a natural observatory of the built and natural environments. On that site, they can employ the forces of nature and do something on a larger scale but along the lines they've already done with one of their sculptures, Peter Richards, with the wave organ that was built on the north side of the city and harness the natural elements to create a wonderful combination of arts, science and human perception on this new site. They are also engaged in a project with Fort Mason Center to bring outdoor exhibits to their sites which is a dry run. It's a chance to experiment with exhibits in these conditions and learn what happens with the general public and visiting public in a similar site. That

project will be up approximately a year from now and teaches them a lot about the types of conditions they will be in.

This is a design that is still in progress but they are very excited about the collaboration; not just with all of their larger community but with Port staff and BCDC to incorporate the feedback from the design review meetings. He showed a picture of the ultimate master plan. It shows, in a future date when they are in both piers, in order to develop the site, they have to consider the long term design of the area. It shows back of the house i.e. office area, shops, classrooms and the other area is public floor. It shows that they are thinking of this as a whole complex, with a bridge connecting between Pier 15 and 17 on the east end. They call it the bridge building. They are talking about removing the current connector building and replacing it with a new modern addition that would actually bridge between the two areas but also allow for an opening out to the water. They want to bring the water back in, make the connection between all the way the Embarcadero and the pier out so there is one continuous vista that allows you to see out to the water. Another thing in the drawing is the idea of creating a dynamic courtyard in the middle of the space that would have exhibits both in the Exploratorium areas but also in the general public area and an area for assembly and events that could take place in that public area in between the two piers. He showed the major entrance strategies. They want to enter the building from the courtyard because they want people to take a measure of the whole site rather than enter in one end of the building and not realize that there is much outdoor activity on the site. There are secondary entrances in the bulkhead building and at the exit to the bridge building. He showed similar entrances that might exist in the future when the whole master plan is developed for Pier 17. He showed a picture of the interior plan. They key point is they are preserving the integrity of the overall shed of the interior. They are inserting the clusters which are almost buildings within a building. These are areas where the mezzanine happens only in certain areas so you move from one gallery space. There is a rhythm of different sizes of galleries providing a variety of spaces; some of them will be dark; some will be more open especially at the east end where they plan on opening all the vistas available.

Parking has been of great interest. It's one of the interesting topics for discussion at the review board meetings. They are proposing two drop off locations: (1) for school busses and (2) for disabled visitors and cars. It would be an incredible lost opportunity if they are not going to develop the sustainability potential of this site. For them, the environmental aspects of this project are huge. There are two big features he called attention to: (1) base source cooling and heating system that takes the temperature differential with the bay water and uses that to heat or cool the building; (2) the use of photovoltaic on the roof of Pier 15 to make this the first carbon neutral museum in the world. Carbon neutral means they generate enough energy to meet all of their energy costs.

The bridge building is a major addition to the site but they want to preserve the industrial character of the current shed buildings. Only interpret them in a slightly more modern way. He showed pictures of examples of buildings but of similar industrial type of construction the way it would be done in this day and age, with steel

instead of the wood. He showed a picture of the current concept for the bridge building which is set back from the two pier facades to accentuate the original facades. The earlier image of what's outdoor currently, the connector building obscures what the original facades are. It sets it back but creates a bridge. They have patios at various different levels allowing access and views from different levels. He showed a picture of a view from the water, a view from the Embarcadero showing the level of activity they hope to see in the courtyard; another view in the courtyard showing the interspersed exhibits throughout the environment at different levels to access the water and the natural phenomena that the site provides access to. He showed a picture of a view of the interior. This development will put them more centrally in the region and help them contribute to the revitalization that Mr. Bartels alluded to.

Mr. Bartels commented that it would be a mistake to think about the Exploratorium as a place, no more so than UCSF is a hospital. Why people give to UCSF. Why they move UCSF to Mission Bay is because they know that this is an institution that fights the world's biggest diseases and tries to improve medical care for all. For the Exploratorium, it was invented 39 years ago not to create a new kind of science museum. It did do that but it started the movement that created 500 similar kinds of science centers around the world. That's what Frank Oppenheimer was trying to do and change the way we teach and learn science, not just the museums but in school. Because of that work, they were recently honored as one of the 12 most impactful, non-profit institutions in America called *Forces for Good*, a book after Jim Collins, and the only one located on the West Coast and the only one that was a cultural institution because it was to create a movement that changed the way that people teach and learn science to make everyone realize that science doesn't belong to some of us but it belongs to every single one of us as human beings. We have to own it and it belongs to us and we can use it for important decisions that each of us have to make in our daily lives. Those 500 institutions voted us the number one and still the leader in the science education field. Things that at the current and new site will be adopted, adapted and stolen by 500 other institutions around the world and already their work is found in thousands of classrooms across the country. They are one of five or six leading research educational institution for the National Science Foundation, not for science education in museums, but for science education in classrooms both in universities and high schools across the country. What they are moving down there is a premier educational institution which by virtue of what they do will be copied and replicated around the globe.

Commissioner Fong indicated that he realizes that the current Exploratorium exhibits will fit nicely into Pier 15. He was curious if there's enough exhibits to fill Pier 15. He understands the desire to acquire that space now but he wondered if that is a Phase 2 future location. Mr. Bartels replied that it is. Although it turns out that their current program is 210,000 square feet which is about 20,000 more than they can fit into Pier 15 and the connector building. They're looking at a short term lease, in any instance, for Pier 17 for some of their back office functions and duplication shop. They are planning on a 66-year term lease and the notion of this being a permanent home and

their needs will continue to grow. For them, the question is when they will trigger the substructure.

Commissioner Fong asked if build out of the space at Pier 17 occur simultaneously or would it be potentially a phase 2 project. Ms. Sobol replied that they are currently negotiating with Exploratorium to lease Pier 17 subject to the existing leases. The Real Estate Department has done a great job and has fully leased the pier. Whatever tenants are in there would be assigned to the Exploratorium. As those tenancies come up or those leases expire and as the Exploratorium needs increase, they can move into the space. The plan is they would not need all of Pier 17 for quite a number of years for the museum's use but they may need some portions of it for some of their smaller needs.

Commissioner Fong indicated that in one of the review sessions, not only parking and traffic came up but the notion of trying to get vehicles off the Embarcadero. As you know we are trying to program the Embarcadero with more great stuff like this. The demand to get cars and busses off, there's a potential drop off zone or pull out area. He was curious if, design wise, they looked at having a turn-around hotel pullout that would get some of the cars off the space and crossing the sidewalk may be the reason they don't do that. Ms. Sobol indicated that the Commission is asking the same question that the design reviewers were asking at the WDAC. One of the things they asked Exploratorium in redesigning their program is to consider the safety of the children. That has to be paramount. What is the safest way to load and unload the school children. The Exploratorium is looking at different options including crossing the Embarcadero. Can they put busses on the courtyard or busses on the marginal wharf to unload the children. They've also looked at whether they should have children unloaded at the Seawall Lot 321 across the street and the children cross the street and the curb indents. They are studying all the proposals but in the end, they believe and their preference is to have the curb indents for bus unloading onto the sidewalk. There's still a lot of design and details that are being worked out. They will be going back to the WDAC probably on March 10. They're still trying to set that meeting date.

Commissioner Fong indicated that he's glad that those issues are being studied.

Ernestine Weiss indicated that this is one of the brightest stars on the waterfront. This is so exciting and it will be the difference of an ordinary pier to an outstanding pier. We need the science apparatus that will make San Francisco a first. We should be leading in this direction. She congratulated the architects. They are very talented, very able and they've listened to them at the public meetings. They've come up with a good plan. She was definitely against kids crossing the Embarcadero to go to the museum. The best thing to do is have them dropped off at the site. This project is so positive. It does not have one negative thing about it.

Sarah Delaney indicated that she's a San Francisco voter and a teacher for four years. She teaches middle school science. She started with Teacher Institute when she was a beginning teacher. All of the things that were said about the Exploratorium are true.

They are helping science teachers to stay in the profession. They are supporting them and they are making them enthusiastic about teaching as veterans as well. She's brought public school students and private school students on field trips to the Exploratorium. Having access to public transportation is huge and it's extremely important because their budget for field trips is usually around $50. She thinks that having the busses be able to drop off the students on the same side is extremely important. Even middle school and high school students when they are on a field trip, they act like lemurs and they forget that they are crossing a street. Increasing the safety and increasing the ease for teachers will make it some place that teachers want to bring their students. It's a hard day to bring a bunch of students anywhere and to make it safe and easy is going to increase the impact that we have on our future scientists.

Commissioner Brandon thanked Dennis and Tom for their presentation. Commissioner Brandon asked what the timeline is for this project. Mr. Bartels indicated that the delays are now being caused by the City Planning Department and their traffic and parking division. They are in the middle of the environmental review. Their hope and their current timeline suggests that they could be ready to come back with a completed EIR and lease terms anywhere between December 2008 and April 2009. Currently, the critical path they are on is the City which is taking a lot of time to run their traffic analysis.

B. Informational Presentation on development opportunities for Seawall Lot 351 (The Embarcadero at Washington Street).

Kathleen Diohep, Planning and Development, indicated that this presentation is a follow on to the presentation the Commission received at the December 11, 2007 meeting, which was presented by San Francisco Waterfront Partners, II LLC ("SFWP") of its proposed 8 Washington project, a mixed-use condominium development. Today's presentation is not an action item. Staff is presenting the choices and the constraints in moving forward with this project in a number of ways. Staff's recommendation is to move forward with a Request for Proposals process for SWL 351. SWL 351 is the parking immediately across from Pier 1 and is a 27,000 s.f. site. The site is currently built out with a surface parking lot; adjacent to it is approximately 2.5 acres that is a private tennis and swim club. The proposal that SFWP has is to combine our property with theirs, create a mixed-use development that will include condominiums, retail uses, create some new open spaces, rebuild the Tennis and Swim Club but with a loss of three courts and create an underground parking garage to serve both the development it builds but also to provide parking to replace what was on the site and other parking that we will lose on the waterside over time to serve the Ferry Building area.

At this time, the Port has the option: (1) to do nothing; (2) to respond directly to the SFWP proposal; or (3) to offer the site development by competitive bid.

The Port's Waterfront Land Use Plan directives for the whole Ferry Building area and these sites are to open up the Ferry Building area to create more public uses, to bring to the waterfront. Very specifically, the WLUP suggested that the Port explore the possibility of obtaining value by combining this land with the adjacent residential site. In some ways, you can look at this site as one of those development parcels created by the freeways coming down like we have on Octavia Blvd. and Transbay Terminal. This is a site that is a potential when the freeway was there. The site was a 20,000 s.f. seawall lot. When the freeway came down, our land got bigger by the realignment of the roadway. To look at this, we need to look at the uses allowed under WLUP and address what we could do with SWL 351 alone, whether we should consider combining with the site next to it. The WLUP identifies a range of possible uses including several that would require removing the public trust. Through long discussions last year, the public trust limits the uses to those that support the waterfront. It could be developed for non-trust use that would require some kind of swap, adjustment transfer or state legislation. When we looked at SWL 351, it is 2/3 of an acre, a fairly large site. It has zoning of an 84 foot height limit which allows for a fairly significant amount of development. The Port couldn't make a statement that all by itself, this site couldn't be developed. It's a potentially developable site. It's an odd shape; it's 350 plus feet on the Embarcadero and 25 feet on Washington. It's a waterfront edge of significant value. It also has a sewer easement that runs through the Jackson right of way and is underneath a very large sewer that you have to build around. Because we are aligned with another site, it has set backs and other requirements to build independently. There is a way in which our site and the Golden Gateway Tennis Club site each are going to have to work with each other or understand each other if they move forward in development. In prior development proposals, the project that was proposed five years ago, they approached the Port to see if there was a way to get the Port to commit to leave it as a plaza or a surface parking lot, something that wouldn't affect the views. When staff looked at the site, setting aside the regulatory issues, there's a potential for a number of different developments:

- one or two buildings with a total area in the range of 100,000 to 130,000 square feet with the number of floors and floor heights dependent on the use.

- Under existing height and bulk restrictions, SWL 351 could be developed with a 200 room hotel in eight stories with ground floor retail and lobby.

- single story retail or restaurant building with surface parking.

- A mixed use project with ground floor retail could include structured parking above (up to nine floors of parking at 55 spaces per floor).

- Residential uses range from 70 condominiums to 133 apartments in an eight-story building.

Approximately 3.2 acres of land, bounded by the Embarcadero, Drumm and Washington, could be redeveloped as a combined project. Combined development avoids the challenge of designing separate, potentially competing, projects with appropriate setbacks. The uncertainty of the future of SWL 351 impairs the development opportunity for the Golden Gateway site and vice versa.

The advantages of combining the project would provide:

- a uniform design to the project to complement the Port's historic piers;
- greater amenities, such as the reopened Jackson Street right-of-way;
- more efficient underground parking as an alternative to above, or at grade, parking on SWL 351 alone.
- Synergy of combining the sites can offer more value to the Port and provide better public amenities.

The Waterfront Land Use Plan (Chapter 5) calls for the following Port Commission process to realize the development opportunities envisioned in the Plan:

1. Port Commission identify site to be developed and proposed development concepts
2. Advisory Group consultation and feasibility analysis to refine development concepts
3. Port Commission approval of solicitation process
4. Issue Request for Proposals to identify developer
5. Port Commission selects developer
6. Entitlement process, including CEQA environmental review and design review
7. Port Commission approval of transaction
8. Board of Supervisors approval of transaction

The development criteria will address the uses required, preferred and allowed on the site, how much parking we would replace. Currently, there are 110 spaces on that site. When the Pier ½ parking lot disappears, we don't have many places in close proximity to the Ferry Building to have parking. This is one of our few options. The development criteria would also provide guidance in the design and community benefits and other components to the project.

The Port Commission's options at this time for SWL 351 are:

**1. No Action Alternative**

- Postpone the question of whether to include SWL 351 in the 8 Washington project.
- If the Port takes no action now, and SFWP continues to proceed independently, the Port loses the ability to shape the project to meet its policy goals
- Control of the project remains at the Planning Commission and Board of Supervisors.
- Additionally, the future value of SWL 351 may be reduced.

**2. Direct Negotiation/Sole Source**

- a public policy making process for SWL 351.
- community outreach and technical analyses to determine the development criteria for SWL 351 and a combined project.
- For example, determining the amount of public parking desired in the area.
- SFWP would be asked to submit a detailed proposal for the site.
- The Port Commission would evaluate whether to enter into exclusive negotiations leading to a term sheet.
- Challenge the Port Commission, and ultimately the Board of Supervisors, will need to make the finding that a sole source negotiation was required to secure the benefits provided by the project.

**3. Competitive Solicitation**

- After development criteria for SWL 351 are determined, the Port can issue a RFP for development of SWL 351 as an independent development.
- RFP would explain that there is an offer to combine the site into a larger project and the Port desires to see what other opportunities are available for the site.
- Challenges of a competitive solicitation is that it is an unknown market response to the constrained site and difficulty in achieving multiple Port policy objectives on SWL 351 alone.

Staff recommends the Port offer SWL 351 for development by competitive solicitation structured to allow comparison of a SWL 351 development to that of a combined project. Over the next several months, community outreach and feasibility analysis will be undertaken to determine development criteria for SWL 351. These development criteria, once authorized by the Port Commission, would then form the basis for a Request for Proposals.

Commissioner Hardeman commented that he would be pleasantly surprised if there are other bids because that has site has been there. As he indicated at the last meeting, when he first came to the Port Commission in 1994, then Director Dennis Bouey was proposing 350 parking spaces underground funded by the Port and discovered that we would never get our money back. It was financially impossible. In 2008, we have a tentative proposal to give 350 parking spaces that we don't have to pay for. This probably won't be the only project but he would be pleasantly surprised if there are other proposals to choose from. This could possibly be the only bid we get.

Ernestine Weiss indicated that this is the worst kind of proposal that the Port could ever consider, especially in this corner. This is all wrong for the fact that we don't need condominiums. There are thousands of them in the immediate area and more to come. This is the last thing we need at the Port. As far as attracting people to the

waterfront area, there are thousands of people who come to this area. If you look at the topography of Vancouver, it's beautiful. That's what we should be looking like. They have a gorgeous park on the waterfront and similarly they have residential buildings like the Golden Gateway Center. Everything is open. That's what we should be copying, not putting more unnecessary buildings on the waterfront that will look ugly. They want to keep the area open. The club has been there for 40 years. It's used by people from all over the city and it's needed. We don't need condos on the waterfront. We need a development that is beautiful and attractive to San Francisco.

Carol Parlette, Barbary Coast Neighborhood Association, indicated that this is a jewel of a spot. We need to give it our best and brightest attention. She agrees with staff's recommendation to go out to bid and see what's out there. Obviously, it won't be fiscally prudent to turn it into parking but it would be a great thing for the neighborhood. She reiterated and commended the Port for saying that the community needs to be involved in developing the RFP and the development criteria. They hope to be a part of that.

Tim Colen, Executive Director SF Housing Action Coalition, indicated that they support the project that has been proposed. He drew attention to what the existing use of lot SWL 351 is, a surface parking, on some of the most beautiful, valuable land in North America. San Francisco is very good at doing plans. The Waterfront Land Use Plan has been produced and updated subsequently. It has great pictures and spiffy diagrams and common sense, uncontroversial language about the uses of the waterfront. Unfortunately, San Francisco is not so good in adopting them and putting them into action. It's time to move forward. If you're going to maximize the value of this land, you have to figure a way that's going to put SWL 351 into a higher and better use. One of the other things that concern them is the idea that we need more planning and the height on the waterfront. With due respect to Ms. Weiss's view of urban design, he thinks that the direction this is going is just what the city needs, open up the waterfront. Make it more attractive to pedestrians, which this location is not right now. The arguments on 44 foot height limits are backdoor way of saying let's preserve it as surface parking lots. That's what we want. That's a terrible indefensible use of this land. There are several lots on the waterfront. This is valuable land; it's in the Port's financial interest to put it in better use. The Port should start moving on it. This is an excellent proposal. It is not perfect. Parking needs to be looked at. The climate has changed since 2000. This is a sensible way to start. If the City cannot address the question of 44 foot height limit for surface parking lots, it will remain that way. He urged the Commission to move as quickly as it can.

Francisco da Costa indicated that one of the things we have to pay attention is the infrastructure. The Commission heard about the huge sewer pipe located on this lot and the impact of working around it. Several comments have been made and even though we have some sort of a plan, in 2008, we need to look at things completely different. When those plans were made, there was no notion of global warming. When those plans were made, people were not talking about green and zero emissions of carbon. We need to pay attention to that. We need to listen to our elders. They might not be planners or engineers but they have the experience. In 2008, we need to

take a holistic approach. Let us not have too many buildings on the waterfront. This is public trust land. He represents the first people. In 90 days, the Muwekma Ohlone will be put on the Federal Register as a nation. They will be approaching certain entities including the Port to discuss about how they have used their land and to discuss and bring to their attention whether it is right to respect mother earth or go on and become greedy, full of materialism and destroy quality of life issues. The Commission heard the presentation about the museum that will help our children and the Commission hears stuff like this that will bring more pollution.

Jim Chapell, President of SPUR, indicated that the citizens of San Francisco have a Waterfront Land Use Plan (WLUP). The Port Commission has a WLUP that was developed with hundreds of thousands of hours of citizens' time. For this portion of the waterfront, that plan is current and appropriate and calls on the Port to explore combining SWL 351 with the adjacent residential site. This is good planning. There is no reason to look at a new plan for this area. Issuing an RFP is not changing the vision for the area. It would be a fulfillment of the existing WLUP. An RFP would give the Port the control it needs to maximize the highest and best use of this site. Therefore, they support moving forward with the RFP process as proposed by staff as quickly as practicable.

Commissioner Lazarus asked what the next steps are because this is not an action item but a director's recommendation. Ms. Diohep replied that staff will do outreach and analysis on development criteria, working with the community and would come back after going through with the advisory process and others with a recommendation to direct staff to issue an RFP. She mentioned that we're in a somewhat different place than most project because the CEQA process is underway and the analysis. Many of the impacts will be analyzed and we've given permission for the CEQA to go forward conditioned on it including analyze alternatives that are not including our side of developing alone. By early summer, we will have a draft EIR that will be able to help answer the questions on how much traffic impacts and other technical matters that will help in the policy making.

Commissioner Lazarus asked about the time table in terms of when staff will come back to the Commission with a development criteria, when an RFP might go out, etc. Ms. Diohep replied that she does not currently have a time table. We are working toward how to schedule it within the other Commission load items. We expect that bringing this project together is going to take some community outreach perspectives, working with the Ferry Building area stakeholders to understand how we can meet the parking needs, how we can fund that and make sure we come forward with a proposal that the Commission can support issuing an RFP. We also want to do outreach to private sector so if we issue an RFP, they have time to respond.

Commissioner Brandon asked if it's safe to say that before the summer is over, we may have an RFP out or will it come out this year. Commissioner Hardeman asked if it will come out before spring. Ms. Diohep that the timing would be within the spring, staff will do the outreach. This is not a 16 acre site like SWL 337. This is a relatively small site with some specific development criteria in place in the WLUP

that we can focus. It should not be as long a process. She does not know that we will get to community consensus and that the RFP objectives are going to mean that we don't still have people who have different points of view when we come forward. Staff will give the Commission perspectives and go out and see who proposes what they would build on this site so we can make choices.

Commissioner Brandon asked for a status report on this project sometime in June. Ms. Diohep concurred.

## 11. REAL ESTATE

A. Informational Presentation Regarding Port Staff and Advisory Panel Evaluation of Responses to the Request for Proposals for a Construction Materials Recycling Center for Seawall Lot 352 at Pier 94.

Brad Benson, Special Projects Manager, congratulated President Brandon and looks forward to working with her on the exciting projects in the Southern Waterfront. As the Commission is aware, we had a concrete and asphalt recycling firm occupying a portion of the backlands called SWL 352. That tenant went out of business. There was a bankruptcy case and litigation around debris left at the site, estimated at about 120,000 tons of mixed asphalt and concrete. The Port has been investigating, subsequent to litigation, methods for dealing with the pile to make the site more beautiful, deal with the debris and contemplate a new future for the backlands. Earlier this summer, Port engineering staff let a Request for Information for a potential crushing contract. Eight firms responded. Staff determined that the cost of crushing it under a contract would approach a million dollars and would tie up the site without generating rent. Subsequent to that, staff sought Commission's authorization to issue an RFP.

Mr. Benson pointed out that Parcel A as indicated in the picture he showed the Commission would be the leasable area for this leasing opportunity, approximately 5 acres. It would be for another recycling operation that would serve two purposes: (1) crush the existing pile at rates that would be negotiated with the Port; and (2) operate a concrete-only recycling operation. We've determined that there's a potential market problem locally with recycling asphalt. The Commission authorized the RFP on October 11, 2007. Staff issued the RFP on November 1, 2007 with a pre-bid conference on November 15. Four responses were received on December 3, 2007. The teams were:

- Raisch Products, Inc. and S.F. Recycling and Disposal Co., Inc., a division of Norcal Waste Systems, Inc. ("Raisch/Norcal");
- Evans Brothers, Inc. ("Evans Brothers");
- Aman Environmental Construction, Inc., a wholly owned subsidiary of URS Corporation ("Aman Environmental"); and
- Granite Construction Company ("Granite Construction").

Port staff recruited a panel of four advisors to review and score the RFP responses ("Advisory Panel") consisting of the following individuals:

- Carol Bach, Environmental & Regulatory Affairs Manager, Port of San Francisco;
- Tim Leung, Administrative Engineer, Port of San Francisco;
- Lawrence Brown, Financial Analyst, Port of San Francisco; and
- Steve Lautze, Green Business Projects, City of Oakland Economic Development Division.

In addition, the Advisory Panel and Port staff heard presentations from Department of Public Works and Department of the Environment staff regarding local market conditions for the products of a construction materials recycling center focused on City specifications for purchase and use of such material and the City's recycling policies and ordinances governing construction recycling and use of recycled products.

The City designs its streets differently than most jurisdictions. In a lot of jurisdictions, there are sections of Class II road base that could be about 18 inches thick. That provides a great market for recycled asphalt and concrete. In San Francisco, we have sandy soils and a propensity for sink holes and there's a great deal of seismic in the city. For those reasons, DPW uses a concrete sub base under road, it's a poured concrete base under asphalt. That helps bridge the sink holes that help support the heavy Muni busses and other traffic on the road. We lack an important market that other jurisdictions have. The City is working to test other applications of recycled material in things like sidewalks, curbs and gutters, utility trenches and alike. The City is moving in the right direction and is developing specifications that will allow for recycled materials in various construction applications.

In addition to its evaluation of the proposals, the Advisory Panel made the following market-related recommendations:

1. The Department of Public Works should expedite its tests of recycled utility trench backfill and recycled aggregate in sidewalk, curb and gutter applications and approve the use of recycled materials that pass required tests. These end uses provide important and high-value markets for a construction materials recycling center.

2. The City has already mandated recycling of construction materials in order to increase the City's diversion of materials from landfill. The City should also consider mandating the use of recycled materials in certain construction projects (sidewalk, curb, gutter and street construction), rather than simply permitting the use of recycled materials (consistent with its requirements to buy recycled paper, etc.).

3. Replacing the City's aging asphalt plant would create a new local market for Recycled Asphalt Product, because the recycling capacity of new plants can be

40% of material input.

The Advisory Panel met twice in preparation for interviews and developed questions for all respondents and specific questions for each respondent. The Advisory Panel interviewed all four respondent teams on January 23, 2008.

Mr. Benson focused on the following strengths of Raisch/Norcal proposal which is the team that scored the highest.

- Their business plan focused on recycling concrete (and not asphalt), with unique sources of concrete (Norcal's IMRF);
- A base rent proposal of 15 cents per square foot with participation rent and pricing for rent credits for processing of the Existing Stockpile that fell within the Maximum Unit Prices specified in the RFP;
- Strong team experience focused on recycling operations of the type specified by the RFP;
- DBE participation in the team and specific local hiring plans from the Southeast community;
- New, custom-designed crushing equipment;
- An exemplary environmental compliance record;
- An option to negotiate for expanded recycling of different types of construction materials on expanded footprint (with Norcal); and
- Stormwater compliance plans compatible with the Port's stormwater management plan.

There were eight criteria set forth in the RFP. Of those categories, Raisch/Norcal team scored the highest in six of those eight categories and had the highest overall aggregate score and was scored highest by each of the individual scorers as well.

This is an informational item only. Given the history of this project, staff will present these findings to the Southern Waterfront Committee and thereafter seek Port Commission authorization to enter into exclusive negotiations with the Raisch/Norcal team.

Mr. Benson introduced the Raisch/Norcal team: Doug Raisch, CEO of Raisch Products; Chuck Berry, Plant Operations Manager; John Armando, Marketing; Lisa Ising, Dynamic Construction Services; Maurice Quillen, Vice President and GM for Norcal Waste Systems.

Doug Raisch, President/CEO of Raisch Products, indicated that they are extremely pleased to have been recommended by the Port Advisory Panel and staff as the exclusive party to negotiate the SWL 352 lease. The panel and staff's extensive research and extremely thorough analysis of their industry and its producers is important. They believe it will yield the highest possible benefit for the Port at the site. They commend Mr. Benson, Port staff and the advisory panel throughout the entire competitive solicitation process. Adding up the team's experience, they have over 200 years combined experience within the industry. Raisch's history reaches

back to San Francisco in 1849 where it was one of the first contractors to build the City's cobblestone streets and wooden sewers. Among other accomplishments, they became a pre-eminent roadway manufacturer in recycled construction products. Norcal Waste Systems begun servicing San Francisco bay area in waste handling and diversion in 1928 and has evolved as the largest employee company within its industry. With over a combined hundred years within Raisch specifically, with their experience in recycled materials processing, they currently operate three main facilities in recycling in the bay area: (1) San Jose; (2) Fremont; (3) Sunnyvale. In Sunnyvale, Raisch is accredited as the single largest waste diversion operator totaling 8%. They filled AT&T Park approximately 21 times to the brim with rubble material and Candlestick Park approximately 5 times. That would be enough to build the road from San Francisco to San Diego, five feet wide, six inches thick, roughly about 25 million tons of material. Through the asphalt plants is recycled asphalt. Through ready mix plants is recycled ready mix. In road sections, it would involve underground base material, piping material and alike. In order to produce these materials, over the years, they have engineered and designed various processing equipment to better handle rubble materials for recycling. Recently, they are proud to have designed and put into operations the highest producing, portable recycling plant in the nation. This plant will recycle up to 650 tons per hour of rubble materials or roughly 1 million tons a year into recycled product. This plant produces the highest product diversification of any plant in the nation. They are proud to have designed a twin blower air separator that allows them to manufacture the specialized materials. The materials ranged from Stake Class II base rocks to pipe bedding materials to drain rocks to structural backfill materials and asphalt ready mix aggregates. They adhere to strict environmental compliance for dust suppression. They will utilize a custom electronically controlled high pressure nozzle system at the processing plant as well as utilize a full-time water truck with biodegradable dust suppression additives at the site.

Maurice Quillen, Vice President and General Manager for Golden Gate Disposal Company and representing SF Recycling and Disposal in the negotiations, thanked Brad Benson and Port staff for their diligence in the RFP process. They have been trying to pursue the crushing operation for almost three years. It's refreshing to be at this point. The employee/owners of Norcal Waste Systems are fully committed to achieving the diversion goals established by the City and County of San Francisco through the use of high quality, dependable recycling services, modern technology and innovative waste processing systems. Their partnership with Raisch Products will greatly assist the Norcal companies in achieving the diversion goals established by the City and County of San Francisco. In addition to the collection companies, Golden Gate Disposal and Sunset Scavengers, they operate SF Recycling and Disposal, which is the processing arm of Norcal Waste Systems. Significant amount of tonnage go through their transfer station. In addition, they have two recycling facilities: (1) Recycle Central at Pier 96 and (2) IMRF.

Recycle Central is located at Pier 96, a Port of San Francisco property. It is a 200,000 s.f. shed. They process approximately 750 tons of material on a daily basis. 654 tons of the material represent paper, cardboard, cans, bottles, etc. with a diversion rate of

87%. As part of their lease with the Port of San Francisco, they have a strong commitment to a community-based hiring program. Currently, they employ over 150 full-time positions from the Bayview community as well as Sunnydale and Potrero. They are committed to bringing that hiring initiative along with them into the Raisch Product and make it an adjunct to their current efforts. The industrial material recycling facility (IMRF) is their construction/demolition processing facility. It's a 46,000 s.f. building, opened in July 2003. It currently processes 650 tons of construction and demolition materials on a daily basis with a diversion rate in excess of 70%. They process from that site inert wood, metal and finds. They deal with some concrete, sheetrock, cardboard, tires and plastic. As part of their commitment to the Raisch Product, they will have approximately 50-100 tons of material per day which they could bring to the site, helping with the City's diversion.

Lisa Ising, Dynamic Construction, indicated they know exactly what neighborhood they're in. They're in an environmental justice neighborhood within the Bayview Hunters Point area and the community is especially sensitive to industrial work that goes on in the community. With that in mind, they did community outreach and met with SWAC and various members of the community and talked about their operation. They will properly locate, remove all the hazardous materials that are currently on the site. They will improve the site to meet regulatory compliance as they move forward incorporating the Port's Stormwater Plan. They will prepare the site to accept, process and sell materials with the scales, water tanks, safety and security infrastructure. They will engage in community awareness programs. Initially, they will conduct community tours quarterly. Norcal conducts a tour monthly. If there is a huge interest, they will conduct the tours monthly as well. They will bring in the kids and the members of the community. They hope that this project expands to an eco-park which is ideal for that location. They don't see any reason why they would have to go outside of Bayview Hunter's Point for trucking or other help because there is a huge amount of minority truckers that are located within Bayview Hunters Point which they plan on taking full advantage of. They plan to do all of their environmental work with local, certified DBE firms. They are committed to First Source Hiring Programs. They will bring local youth in the training program so they can work with Local Engineers 3. Norcal does similar efforts and will align with them in this effort.

Doug Raisch indicated that when they look at the team of Raisch and Norcal, they can significantly contribute to the City's comprehensive emergency response plan. He commended Mr. Benson, Port staff and advisory panel for their extreme level of detail and analysis that was put into the competitive solicitation process. Because of this, the overriding goals of the site will be achieved. They believe that Raisch/Norcal team is the right choice to get it done. They look forward to a mutually, beneficial and fruitful business relationship with the Port and the community at large.

Francisco da Costa, Director of Environmental Justice Advocacy, indicated that he's been involved with this land around Pier 92/94/96/98 for many years. Around the year 2000, he was instrumental in cleaning over 20 tons of toxic soil. They had a debate with Port staff and he finally won. The Port, at a cost of less than $1 million, cleaned up that land. This particular plan that is going in this area and the rubble that

was there was a consequence of the 1989 earthquake. When the earthquake was torn, the rubble had to go somewhere. Arrangements were hastily made to give opportunities to clear the rubble and put it on Port land. He knows that particular project did not work out well. As a result of certain precautions not being taken, the rubble and the dust that it is creating has adversely impacted the community in some ways. He's read in detail some of the products, the operations of the companies that had been put together. He is very glad that at last after all these years, there is going to be an operation that first and foremost is going to get rid of that rubble. Secondly, they will use the highest types of environmental standards and technology to create recycled materials that we can use in the city. There are ordinances and he proposed to work with certain groups including the Department of Environment so that the recycled material that is created by this plant can be used all over the city.

Espanola Jackson supports the recommendation from Port staff. She knows for a fact that the team's operation will be environmentally friendly to Bayview Hunter's Point which they haven't had in the last four years. She was not aware that this is an informational item. She came today to support the vote. She wished the Commission Happy New Year.

Commissioner Brandon thanked everyone for the wonderful presentation.

Ms. Moyer wished Ms. Jackson a happy 75th birthday. She hopes that she will continue to be the Port's watchdog and looks forward to seeing her at every Port Commission meeting.

B. Request for Special Event Fee Reduction for the Classic Car Show for approximately 44,814 square feet of space at Pier 45, Shed A, from February 13 to February 18, 2008. (Resolution No. 08-09)

Katharine Arrow, Senior Property Manager, indicated that the Classic Car Show event organizer, Mr. Walter Caplan, came to the Port on January 24th requesting approximately 44,814 s.f. of space at Pier 45, Shed A, starting February 13 through mid-day on Monday, February 18, 2008. The daily fee is $2,000, totaling $12,000 for the event duration. Mr. Caplan has requested the space for $1,650.

Staff supports events that draw the public to the waterfront and that help our Fisherman's Wharf tenants, especially Maritime related or City-sponsored events such as the Fourth of July, Fleet Week, Madonna del Luma or the Small Boat Commercial Salmon Fisherman's Association gear swap meet. The Port is not in a position to grant all non-profit users of its properties a rent reduction.

Special Event applications are normally due 45 days prior to an event. This allows staff time to process applications and inform and consider comments from community groups such as the Fisherman's Wharf Waterfront Advisory Group, Community Benefit District, and the Merchant's Association. We also need approval from BCDC and CEQA.

The application was dropped off on January 24th, thirteen business days prior to the event start date. At no time was staff approached by the applicant to request reserving the location. The organizer advertised an event on Port property prior to the Port's knowledge, approval or acceptance of the event. This tight timeframe does not allow for all the steps necessary for a final approval. Mr. Caplan also made the assumption of the reduced rate which adds the step of coming before the Commission.

In past years, the Port has offered this group a reduced rate to help support the local merchants at Fisherman's Wharf. It was intended to be held on a winter weekend, when business is slow.
At one point the applicant stated that the Fisherman's Wharf Merchants Association sponsored the event, then that was changed to support the event. Today she was informed by the applicant that the Merchants Association asked that the car club hold the event. The president of the Merchants Association, John Frawley, informed her today that the association is a solid supporter of the car show in that it brings visitors to the Wharf. He clarified that they have not endorsed or sponsored the show. In past years, Tom Escher, was on their board and promoted the idea. This year, Mr. Caplan provided an informational item at their January meeting. Mr. Frawley confirmed that Fisherman's Wharf Merchants Association has not now, nor in the past, requested that the Organizers hold the Classic Car Show.

This year, the Organizers have requested a rent reduction of 86% or $10,350. The Organizers have also asked the Port to forego parking revenues during the five days that they occupy Pier 45 Shed A. This amounts to a loss of $5,363 in parking revenues to the Port and $1,788 in tax revenues to the City. Notably, no other Fisherman's Wharf merchants, associations or beneficiaries are contributing to the event.

Since 2007, there has been a reduction in parking availability in the Fisherman's Wharf area with the closure of Pier 43½. Shed A has become a much more important parking resource for all businesses in the area. The Classic Car event will exacerbate an already tight parking situation. Additionally, the event is scheduled for President's Day weekend and Valentine's Day weekend when there is a much higher demand for parking than might occur on a non-holiday weekend. The tourism market continues to improve since 2004 but 2007 was still a bit tenuous for Fisherman's Wharf merchants, in part due to the relocation of the Alcatraz concession. To this end, the Port has again offered to be a sponsor of the event.

Given this public purpose and the Organizers' desire to have a successful event, Port staff propose to offer them a rental rate reduction of 50% or $6,000. Ms. Arrow asked the Commission to consider approving the resolution for a one-time fee reduction to $6,000 for this event.

Walter Caplan, SF Model A Ford Club, indicated that in 2003, Tom Escher and the Fisherman's Wharf Merchants Association approached their car club which is 52 years old, to do a car show as part of the Crab Festival to encourage people to come back to Fisherman's Wharf after the 911 debacle. Tom Escher handled the

arrangements the first 3-4 years. They are not in the car business; they never did a car show. They brought their cars and it was successful. They came back in 2004. There was no fee. They had insurance from the Model A Ford Club of America. They did it with their encouragement. He went to the Fisherman's Wharf Merchants every year. They supported their car show. They did it to benefit the Fisherman's Wharf Merchants Association. In the fourth year, Phil Williamson requested that they pay a fee of $1,000 which they did. Last year, they were asked to pay a fee of $1,500 plus $50 a day for lighting cost for a total of $1,650. He dealt with Susan Reynolds and her staff. He talked to Katharine Arrow in May when she first sent out the informational memo the Port Commission about their recommendation of fee waivers and fee reductions for certain events. He may have dropped the ball after that and he acknowledged it's his error. He thought that Tom Escher had dealt with this situation. He learned only early in January when he went to a meeting of the Fisherman's Wharf Community Benefit District with Tom Escher that it hadn't happened. At that point, he zoomed into action and did what he could do to make the situation work. Katharine Arrow has bent over backwards to make sure this event is happening. Maurice Quillen from Sunset Scavenger has been a supporter of this event. They have the Mayor's parade as they do every year which will take place on Friday at noon. Alisa Stephens will be leading that parade with her 1939 Packard. He is a one person organization trying to do a car show to help the Fisherman's Wharf Merchants. They don't have a lot of money to do this. He talked to Katharine Arrow; he is committed to working with Port staff and Monique Moyer in the next couple of months. He's been dealing with GM over the last two years. He talked to John Frawley. He believed that in future years, he can put together the resources to make this work. He requested the Commission to reduce the fee to $1,650 this year so they can make the car show happen.

Jeffrey Pollack, Fisherman's Wharf Restaurant Association, indicated that the association represents the people that control the triangle parking lot. The original Fisherman's Wharf Restaurant Association are the restaurants next to the parking lot. The problem, as stated by Ms. Arrow, is this is a busy weekend. Last weekend with no special events, they parked over 600 cars in Pier 45A that they could not park in the triangle because it was completely filled. These organizations are not going to go against what Mr. Caplan is asking for. They do believe that he should pay the 50% discounted fee as stated by the Port. The Merchants Association which he belong to and most of the people in the two organizations belong to should not have to say over this parking lot. This parking lot is for the benefit of those restaurants that are around that triangle parking lot which Pier 45A is the overflow. It's like saying they should have some say over the Cannery or the Anchorage Parking Lot. They have no notice of this whatsoever until Ms. Arrow brought it to their attention about a week ago. They would have said at that point that they couldn't have this event on Valentine's Day or President's Day. What's going to happen is the Port is going to lose a lot of money on parking. He agreed with Ms. Arrow's comments. They may lose customers too because they won't have a place to park. This is not a good situation. It also sets a precedent that if the Commission goes along with this, the next person that comes in will say, the cars had 14 days to give you notice, why can't he give 14 days notice as well. He asked the Port in the future that if there is something to do with Pier 45A, if

they would come to the original Fisherman's Wharf Restaurants Association or the Fisherman's Wharf Restaurant Association and run it by them first so they know what's going on. They are sensitive to that area.

Commissioner Fong indicated that the Port would like to get to the association sooner and let them know; however, Mr. Caplan had filed for the application in a very short period of time which didn't allow us to inform the neighbors.

Ms. Arrow commented that we normally would have gone to the Fisherman's Wharf Merchants Advisory Group, the Merchants Association, CBD, various different groups because of the impact of the parking. With the closure of Pier 43½, that is 185 cars that would have been available. There will be an impact to the area for not having this parking.

Commissioner Fong mentioned that this is a very busy day for Fisherman's Wharf because of Valentine's Day and President's Day weekend. He asked verification that the Port is offering a 50% discount from $12,000 to $6,000. Ms. Arrow concurred.

Commissioner Hardeman asked how long was Mr. Caplan aware that they were going to ask for this weekend. Mr. Caplan replied that this is the same weekend they have done this car show for six years, President's Day weekend every year for six years. He went to the Fisherman's Wharf Merchants and to the CBD. If he had known there was a separate restaurant association, he would have spoken to them too. Tom Creedon from Scoma's attends the Fisherman's Wharf Merchants Association. In all the years he was involved in this event, he did not have any knowledge that there was other groups to go to. He's learned his lesson. The Commission can be sure that he will meet with everyone. He will use the guidance of Katharine Arrow in the future so they don't ruffle feathers and if they do anything to benefit everybody, they will do it with a consensus of everyone.

Commissioner Lazarus indicated that it's one thing about the notice and getting this taken cared of in a timely fashion. She asked about going forward, how to respond to any particular rate reduction and what the tradeoffs might be for the Port such as inclusion, promotion, etc. Ms. Arrow replied that we need to establish a tighter policy such as what kind of groups we would consider giving a discount, etc. She's not sure if we have that as an established policy that might help guide other groups and help guide us with this group in the future. We suggested this be a one-time reduction. It is our suggestion that they pay full price next year.

Commissioner Lazarus indicated that staff might come back at some intervening point with some additional criteria for how these things would be treated going forward not just this particular event. Ms. Moyer indicated that the case law surrounding public assets and gift to public funds require the Port, as a public agency, to demonstrate the public benefit and public need. We thought that was a fool proof policy but we will go further. It's troubling that we are the only financial sponsor. That assumption was made when the advertisement went out. We are not treated as a sponsor. Our logo was not asked for. If we were to recommend this again next year,

we would want to see partnerships financially with our partners and we wanted it to see it treated as a true sponsorship, not as a gift. Those are the rules we impose on everyone. In short, staff made this recommendation today because of the fact that we were trapped by the advertising that has already taken place.

Commissioner Hardeman indicated that his sympathies are for our tenants such as Mr. Pollack's Nick Lighthouse restaurant, which is a stone's throw away from the event and it would impact his customers that weekend. If he and his group are graciously going to allow us to continue the event, partially because of our director's stating that publicly. He finds us in a real dilemma. He has attended the show a couple of times. He has on his calendar to be at City Hall on Friday when the parade takes off. It's too bad the situation developed. This is one of those things that happened. It's very gracious of the association to allow this event to happen although it will impact the restaurants. They will lose customers because of the lack of parking.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution No. 08-09 was adopted.

At 5:55 p.m., Commission President Kimberly Brandon turned the gavel over to Vice President Rodney Fong as she has to attend the League of Women Voters' dinner.

## 12. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that at the next meeting, we have a couple of informational presentations that will be take a bit of the Commission's time. One is to report to the Commission on the proposals received on SWL 337. There's a good buzz about what we might be getting. At that time, we also like to introduce the panel that will be reviewing the proposals. We've been asked to accommodate a presentation by the Coast Guard and follow up on the oil spill. We're pleased to give them the opportunity to talk to the Commission. Many of the other items particularly as it relates to the financial items will be back for approval. Since there are very little alterations made to them, they will be fairly easy. The Brannan Street Wharf item is going to be heard at the March 11, 2008 meeting. The second meeting in March has been cancelled when we adopted the calendar in recognition of Easter week.

## 13. PUBLIC COMMENT

Randy Burgo, owner of Allied Ready Mix, indicated that there is a deal at Pacific Cement/ Cemex site that is going to be coming up for lease. He apprised the Commission of their interest in it. They have been a Port tenant for 12 years and they are interested in the property. They will be up against multi-national, billion dollar companies for this site. He asked the Commission to take into consideration Allied Ready Mix, which is a small local business in San Francisco.

Lisa Ising commented that Mr. Burgo leased a property from the Port years ago and voluntarily gave it up when the Port started developing Amador Street. He operates on

Bode property but it's not a long-term deal. His concern is that the concrete plant lease was put out for an RFP and that there would be a large concrete company that would come in to Amador Street. Those that work over there and in the City are not sure that the economy is going to support another large concrete plant. Cemex is the largest ready mix company in the world and Bode has a fairly good market share of concrete production in San Francisco. What Mr. Burgo is trying to say is that it would be nice to have one small company down there that could also take care of City needs, do some city concrete mixes, something that would have some city equity involved with the lease. She wanted to make sure that he gets considered for it because he's a small guy and nobody hears a small guy sometimes.

Marty Coressel, resident and member of the Watermark Homeowners Association and participant of the South Beach Rincon Hill CAC, thanked the Commission for all their support. It was not an easy job to make sure and ensure that the GO bond included the Port initiatives. It was a job well done. He indicated that every minute, every hour in regards to projects that involve seismic retrofits are costly and become more costly by the day. Time is of the matter when it comes to the Brannan Street Wharf. It's been five years that this has been in the making. He's heard that this item may be delayed until the April calendar. He trusts Monique; she's always been true to her word. He hopes that is the case. He asked the Commission's creativity and support to somehow fast track this project. He knows that development in this area is tough. It requires many different types of certification. He asked if there's any creative way to use the Commission's support to fast track this project, it would be appreciated. The Port definitely have the public's support.

Ms. Moyer clarified that this item will be heard at the March 11, 2008 calendar.

**14. COMMUNICATIONS**

**15. ADJOURNMENT**

Commissioner Hardeman moved approval to adjourn the meeting in memory of Congressman Tom Lantos. Commissioner Lazarus seconded the motion.

Commission Vice President Fong adjourned the meeting at 6:02 p.m.

# SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

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5

26/08

## AGENDA
## TUESDAY, FEBRUARY 26, 2008
## 2:00 P.M. EXECUTIVE SESSION
## 3:15 P.M. OPEN SESSION
## PORT COMMISSION HEARING ROOM, SECOND FLOOR
## FERRY BUILDING, SAN FRANCISCO, CA 94111

*The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.*

DOCUMENTS DEPT.

FEB 2 2 2008

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - February 12, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

         a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

            Number of potential cases: 1 As Defendant
            Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property.
            For Discussion and Action: Approval of an agreement with Hornblower

Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County until approximately April 17, 2008.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 9
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Pacific Marine Yacht Charters: Garrett O'Doherty

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

b. Property: 360 Jefferson Street
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Portco, Inc.: Nick Hoppe

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at 360 Jefferson Street.

c. Property: Pier 9
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Bar Pilots: Captain Peter McIsaac

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

## 5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## 6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## 7. EXECUTIVE

A. Executive Director's Report
- Seawall Lot 337 Development Concept Public Workshop – March 1, 2008 from 9 a.m. to 3:30 p.m. at Jelly's Café, 295 Terry Francois Blvd.
- California Association of Port Authorities Conference – March 6-7, 2008 in Palm Springs
- Seatrade Cruise Shipping Convention – March 10-13, 2008 in Miami Beach, Florida

B. Informational Presentation by the U. S. Coast Guard regarding the Cosco Busan response to the Oil Spill.

## 8. CONSENT

A. Request approval of the Port's Annual Operating Budget for Fiscal Year 2008-09. (Resolution No. 08-10)

B. Request approval of the Port's $7.6 Million Annual Capital Project Budget Funding for Fiscal Year 2008-09. (Resolution No. 08-11)

C. Request approval of the Port's Operating Reserve Policy. (Resolution No. 08-12)

D. Request approval of the Port's 10-Year Capital Plan for Fiscal Year 2008-17. (Resolution No. 08-13)

E. Request approval to enter into exclusive negotiations for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (Resolution No. 08-14)

## 9. PLANNING & DEVELOPMENT

A. Informational Presentation by Port Staff and Four Development Teams for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 and Pier 48.

## 10. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation regarding the SWL 337 development concept presentations from the March 1, 2008 public workshop (March 11, 2008)
  - Request authorization to advertise for design and engineering consulting services for the Brannan Street Wharf public open space, to be located adjacent to the Embarcadero between Piers 30-32 and 38 (March 11, 2008)
  - Request approval to accept and expend the 2007 Port Security Grant for security upgrades at the Port of San Francisco (March 11, 2008)

- Request approval of a Street Performer Program for the Fisherman's Wharf area starting April 1, 2008 (March 11, 2008)
- Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Operation at Pier 94 (March 11, 2008)
- Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78 (March 11, 2008)
- Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250 (March 11, 2008)
- Request approval of developer shortlist and request authorization to issue Request for Proposals for SWL 337 (April 8, 2008)
- Request authorization to advertise for the Demolition and Disposal of Port's Drydock No. 1 (April 8, 2008)
- Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (April 8, 2008)
- Status report on development opportunities for Seawall Lot 351 (The Embarcadero at Washington Street) (June 10, 2008)
- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (Date to be determined)
- Request approval of an Amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

## 11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

## 12. COMMUNICATIONS

Communications to the Port Commission from February 8, 2008 to February 21, 2008:

- From Port staff, copy of *San Francisco Business Time*s article entitled, "Giants lead in fight for premier port site"
- From Port staff, copy of *San Francisco Business Times* article entitled, "S.F. Port's properties have an enviable vacancy rate"
- From Port staff, copy of *San Francisco Examiner* article entitled, "Exploratorium wants to give exhibits a place in the sun"

## 13. ADJOURNMENT

## MARCH/APRIL 2008

### CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

| Date | Time | Group | Location |
|---|---|---|---|
| March 11 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| March 25 Cancelled | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| April 8 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| April 22 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel (CTAP) generally meets the second Thursday of the month. Contact John Doll at 274-0639 or john.doll@sfport.com

The Cruise Terminal Environmental Advisory Committee (CTEAC) generally meets quarterly. Date and time to be determined. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com
The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

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## ACCESSIBLE MEETING INFORMATION

**Ferry Building:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

**Pier 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

## NOTICES

**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 21, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Fiscal Year 2008-09 Operating Budget

**DIRECTOR'S RECOMMENDATION**: APPROVE ATTACHED RESOLUTION

The purpose of this item is to provide an overview of the Port's proposed Fiscal Year 2008-09 operating budget to allow Port Commission and public feedback. The Port Commission is asked to approve the Port's FY 2008-09 budget at its February 26, 2008 meeting. Following Port Commission approval, the budget will then be reviewed by the Mayor's Office, which will submit the budget to the Board of Supervisors by the first of May 2008. The Board will give final consideration to the budget on or about July 31, 2008. The proposed Fiscal Year 2008-09 Overall Budget is summarized as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase / (Decrease) Amount | Percent |
|---|---|---|---|---|
| **Sources** | | | | |
| Estimated Fund Balance | $15,996,174 | $13,396,258 | ($2,599,916) | -16.3% |
| Revenue | 61,607,550 | 64,968,548 | 3,360,998 | 5.5% |
| Total Sources | $77,603,724 | $78,364,806 | $761,082 | 0.98% |
| **Uses** | | | | |
| Operating Expense | $59,849,934 | $61,465,217 | $1,615,283 | 2.7% |
| Capital Appropriations | 9,612,800 | 7,621,000 | (1,991,800) | -20.7% |
| Operating Reserve | 8,140,990 | 9,278,589 | 1,137,599 | 14% |
| **Total Uses** | 77,603,724 | 78,364,806 | 761,082 | 0.98% |
| Operating Reserve as a Percent of Operating Expense | 14% | 15% | | |

**This Print Covers Calendar Item No. 8A**

The table above identifies all of the Port's revenue sources including use of fund balance that the Port uses to fund capital projects and the budgeted operating reserve. We propose using surplus operating revenues to help fund the Port's FY 2008-09 capital budget. As such, the above table includes both operating and capital budgets providing a clearer picture of the Port's expenditure budget.

With respect to the operating budget, we project operating revenues to increase by $3,360,998 or 5.5% from FY 2007-08 and operating expenses to increase by $1,615,283 or 2.7%. Additionally, we propose to increase the Port's operating reserve by $1,137,599 to have 15% of operating expenses consistent with the proposed operating reserve policy discussed in more detail in Item 8C. The Estimated Fund Balance has decreased by approximately $2.6 million primarily as the result of increased operating expenses in FY 2006-07 compared to FY 2005-06 driven by increased salary, fringe benefit, and City Attorney costs.

Each of the primary increases and substantive changes to the Port's FY 2008-09 budget is described in more detail below.

## Revenue

The proposed revenue budget of $64,968,548 for FY 2008-09 reflects a $3,360,998 increase or 5.5% greater than the FY 2007-08 budget. Projected revenues for FY 2008-09 are as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase/(Decrease) Amount | Percent |
|---|---|---|---|---|
| Cargo | $4,345,000 | $4,740,000 | $395,000 | 9% |
| Ship Repair | 1,000,000 | 1,000,000 | 0 | 0% |
| Harbor Services | 995,000 | 995,000 | 0 | 0% |
| Cruise | 1,550,000 | 1,565,000 | 15,000 | 1% |
| Fishing | 1,892,000 | 1,850,000 | (42,000) | -2% |
| Other Marine | 1,407,000 | 1,368,000 | (39,000) | -3% |
| Commercial/Industrial | 36,513,000 | 39,217,248 | 2,704,248 | 7% |
| Parking | 9,892,000 | 10,294,000 | 402,000 | 4% |
| Filming | 25,000 | 25,000 | 0 | 0% |
| Special Events | 100,000 | 100,000 | 0 | 0% |
| Miscellaneous Services | 101,250 | 105,000 | 3,750 | 4% |
| Facility Damage | 6,000 | 6,000 | 0 | 0% |
| Permits | 710,000 | 710,000 | 0 | 0% |
| Miscellaneous Repairs | 30,000 | 30,000 | 0 | 0% |
| Negotiation Fees | 350,000 | 350,000 | 0 | 0% |
| Interest on Investments | 2,108,000 | 2,030,000 | (78,000) | -4% |
| Penalties & Svc. Charges | 19,300 | 19,300 | 0 | 0% |
| Miscellaneous Receipts | 564,000 | 564,000 | 0 | 0% |
| Total Revenues | $61,607,550 | $64,968,548 | $3,360,998 | 5.5% |

The major changes in the FY 2008-09 revenue budget compared to the prior fiscal year are in Cargo, Commercial/Industrial Rent, and Parking as a result of the following:

- Cargo revenues are projected to increase $395,000 or 9% as a result of rent increases related to Hansen Aggregates and leases at SWL 352 and the new lease and rail agreement with LB Railco.

- Commercial/Industrial rent is expected to increase by $2,493,000 or 7% primarily due to scheduled CPI increases of 2% from existing leases, and new and renegotiated leases from leasing vacant space at Piers 17, 31, 35, 50, 54 and 96. In addition, income from percentage rents is expected to increase by $563,000 due to increased tenant sales in the current fiscal year.

- Parking revenue is projected to increase by $402,000 or 4% primarily due to increased usage of parking lots at Pier 30, Pier 48 and Pier 27 that is offset by reduced rents from the Franciscan Parking Lot lease that was terminated in November 2007 due to the unsafe condition of the substructure.

## Expense

The proposed FY 2008-09 expense budget of $61,465,217 is a $1,615,284 increase, or 2.7% over the prior fiscal year. The expense summary for FY 2008-09 is as follows:

| | Budget 2007/08 | Budget 2008/09 | Increase / (Decrease) Amount | Percent |
|---|---|---|---|---|
| Salaries & Benefits | $26,552,148 | $28,400,777 | $1,848,629 | 7.0% |
| City-wide Overhead | 335,290 | (49,055) | (384,345) | -114.6% |
| Other Current Expenses | 8,337,789 | 9,365,931 | 1,028,142 | 12.3% |
| Materials & Supplies | 1,294,895 | 1,374,193 | 79,298 | 6.1% |
| Fixed Charges | 670,504 | 668,436 | (2,068) | -0.3% |
| Capital Outlay | 936,572 | 878,130 | (58,442) | -6.2% |
| Facilities Maintenance | 3,929,268 | 3,394,683 | (534,585) | -13.6% |
| Debt Service | 4,709,845 | 4,702,720 | (7,125) | -0.2% |
| ADM - Insurance & Risk | 2,020,033 | 2,020,033 | 0 | 0% |
| City Attorney - Legal Services | 2,433,000 | 2,554,650 | 121,650 | 5.0% |
| Fire Protection Services | 2,524,287 | 2,650,501 | 126,214 | 5.0% |
| DHR – Workers Compensation | 1,158,888 | 822,132 | (336,756) | -29.1% |
| PUC - Light, Heat & Power | 1,391,692 | 1,374,386 | (17,306) | -1.2% |
| All Other Departments | 3,203,867 | 2,928,036 | (275,831) | -8.6% |
| Interdepartmental Recovery | (204,325) | (204,325) | 0 | 0% |
| Revenue Transfer Out - DPT | 556,180 | 583,989 | 27,809 | 5.0% |
| Total Expenses | $59,849,933 | $61,465,217 | $1,615,284 | 2.7% |

The major changes in the FY 2008-09 expense budget over the prior fiscal year are in Salaries and Fringe Benefits, City-wide Overhead, Other Current Expenses which includes Professional and Specialized Services, and Facilities Maintenance and Annual Projects, Capital Outlay, and Fire Protection Services.

- Salaries and mandatory fringe benefits are projected to increase by a total of $1,848,629 or 7.0% of which $747,776 is due to increases to pension and health plan costs. The remaining $1,100,853 or 5.5% increase in salaries is due to annualization of the increase in salaries granted in the City's MOUs. In addition, as described in more detail below, we are requesting to (1) add seven new positions, (2) delete two positions, and (3) reclassify five positions.

- The Port's share of City-wide Overhead decreased by $384,345 or 115% based on the Controller's FY 2008-09 County-wide Cost Allocation Plan (COWCAP).

- Other Current Expenses are expected to increase by $1,028,142 or 12.3% due to (1) moving computer licensing costs from Maintenance Services and increased licensing costs associated with the Port's new building permit software Accela and the new Oracle Financials application and (2) adding $290,766 for professional services to fund various software enhancements such as upgrading PROPworks the Port's property management system and to fund financial advisor services to help the Port prepare to issue debt in FY 2009-10.

- Facilities Maintenance and annual project costs are projected to decrease by $534,585 primarily due to (1) completing the Oracle upgrade project, and (2) a significant reduction in the amount allocated for the BART retrofit project.

- Capital Outlay is expected to decrease by $58,442 due to replacing fewer vehicles in FY 2008-09 than the Port replaced in FY 2007-08.

- City Attorney services are expected to increase by $121,650 or 5% based on salary and fringe benefit increases.

- Fire Protection is estimated to increase by $126,214 or 5% based on estimated MOU required wage and fringe benefit increases.

- As described in more detail below, we are proposing to eliminate the work-order to DPW for street cleaning services along the Embarcadero Roadway for a savings of $336,425. The Port intends to provide these services directly through increased staffing.

- Workers Compensation is expected to decrease by $336,756 based on estimates by the City's Worker's Compensation Division.

- The work-order with the City's Division of Real Estate increased by $211,248 to help the Port negotiate leases and MOUs.

## Staffing Changes Proposed in the Port's FY 2008-09 Budget

The following seven new positions are contained in the Port's proposed FY 2008-09 budget:

*Maintenance Division – Embarcadero Roadway Maintenance*
The Department of Public Works (DPW) has been maintaining the Embarcadero Roadway since 1994 when the City constructed it with federal, state and local grant funds. DPW received funding for such maintenance from ½ Cent Sales Tax funds administered by the San Francisco Transportation Authority. Beginning in FY 2007-08, those funds began to diminish prompting the City to request the Port to begin funding maintenance of the Embarcadero Roadway through a $336,425 work-order to DPW. The Port's Maintenance Division staff have proposed that they assume the responsibility for maintaining the Embarcadero roadway which primarily consists of sweeping it daily with the mechanical sweeper. The total cost to the Port to assume that responsibility is approximately $263,117 including salaries, fringe benefits and non-labor costs or $73,308 less than DPW charges the Port.

**(New) 2.0 FTE 7514 General Laborers – annual salary per position $56,536**
These positions will provide street, sidewalk and plaza cleaning services that DPW is currently providing along the Embarcadero Roadway.

**(New) 1.0 FTE 7355 Truck Driver – annual salary $72,957**
This position will provide street cleaning services that DPW is currently providing along the Embarcadero Roadway.

*Maintenance Division –Other Positions Changes*

**(New) 1.0 FTE 7345 Electrician – annual salary $86,844**
This position will maintain the electrical systems acquired through the PUC Energy Upgrade Project. The new systems will result in saving energy and, as a result, reduce the Port's utility costs by 26% (approximately $346,000 per year).

**(New) 1.0 FTE 7347 Plumber – annual salary $89,950**
This position will help maintain the Port's sewers to prevent sewer overflows and potential sewer discharges into the San Francisco Bay.

**(New) 7282 Street Repair Supervisor II – annual salary $85,514**
This position will manage the General Laborers, Asphalt Workers, Truck Drivers, and Operating Engineers Section in the Maintenance Division.

**(Delete) 1.0 FTE 9360 Construction and Maintenance Supervisor II – annual salary $99,620**
This position is currently vacant. The Maintenance Division is proposing to delete it and the General Laborer Supervisor I noted below and add the Plumber position and the 7282 Street Repair Supervisor II described above.

**(Delete) 1.0 FTE 7215 General Laborer Supervisor I - annual salary $64,697**
The Maintenance Division is proposing to delete this position and add the Plumber position and the 7282 Street Repair Supervisor II described above.

*Maritime Division*

**(New) 1.0 Utility Specialist – annual salary $112,274**

This position is being requested to assist the Maritime Division in both (1) complying with an increasing number of State and Federal regulatory requirements and (2) continuing to develop and implement a leading-edge maritime environmental program. The position will focus on environmental permitting and program issues, such as dredging and endangered aquatic species, that involve the Dredged Materials Management Office (DMMO) and/or U.S Army Corps of Engineers, NOAA Fisheries, Regional Water Quality Control Board, San Francisco Bay Conservation and Development Commission (BCDC), State Lands Commission, Department of Fish & Game, Fish and Wildlife Service, and others.

While the position is within the Maritime Division, the incumbent's time will be shared by both the Maritime Division and the Engineering Division. Within Engineering, the position will provide regulatory, permitting, and policy support for maintenance and capital projects that require interactions with the same list of agencies. Since agency staff members assigned to maritime projects are typically the same individuals assigned to marine construction projects, the shared nature of this position will allow the Port to present a single individual as the primary point of contact for related maritime and marine construction issues. The incumbent will report to the Manager of Environmental and Regulatory Affairs in the Maritime Division and will coordinate with the project management staff in the Engineering Division.

The following five position reclassifications and reassignments are proposed in the Port's FY 2008-09 budget:

**Finance and Administration Division - (Re-assigned) 0.5 FTE Management Assistant – annual salary $34,776**

This 1842 Management Assistant position is reassigned from the Maritime Division and reduced to a half-time position. The incumbent has a strong background in web design, Photoshop, communications, and documentation. The Port lacks a webmaster to oversee and manage all of the Port's websites. Based on the incumbent's background and desire for part-time employment and the Port's need for a webmaster, we are proposing to transfer the position to the Port's IT section to manage and oversee the Port's websites.

**Real Estate Division – Salary Decrease $12,818**

| | |
|---|---|
| 1827Administrative Services Manager | ($91,520) |
| 1844 Senior Management Assistant | 78,702 |
| Difference | ($12,818) |

The Port Real Estate Division and Human Resources divisions have been evaluating the best classification to meet the Real Estate Division's administrative support needs. They concluded that they need someone to: 1) supervise support staff; 2) ensure the quality of leasing and financial data input into PropWorks, through oversight and audit of data as well as validation of calculations for data such as CPI adjustments, and 3) manage incoming calls from tenants and troubleshoot small issues so that Property Managers can focus on revenue generating activities. Currently, financial information and CPI calculations are performed by the Management Assistant and no one validates

the input. Based on these duties, the Port's Human Resources Division recommends that we re-classify the 1827Administrative Services Manager to an 1844 Senior Management Assistant position at an annual salary savings of $12,818.

**Executive Division – Salary Increase of $4,815**

| | |
|---|---|
| 0922 Manager I | ($107,741) |
| 0923 Manager II | 112,556 |
| Difference | $4,815 |

The Port's Manager of Public Affairs position is classified as a 0922 Manager I. Other City departments' Public Affairs positions with similar levels of responsibility are classified as 0923 Manager IIs. Thus the City's Department of Human Resources recommended that the Port reclassify its 0922 Manager I position to a 0923 Manager II position.

**Maritime Division – Salary Increase of $13,475**

| | |
|---|---|
| 9356 Wharfinger II | ($72,039) |
| 9376 Market Research Specialist | 85,514 |
| Difference | $13,475 |

This position would be a promotive position in the operations group for a Wharfinger II. The cruise and ferry facility operations require a higher level of industry knowledge and expertise that is based on a strong operations background in terminal operating agreements and construction contracts yet requires commercial knowledge including evaluation of rate structures and industry trends. This position would prepare reports for Port management and commissioners as well as serve as a key contact with cruise and ferry terminal operators.

**Maritime Division – Salary Decrease of $5,215**

| | |
|---|---|
| 1842 Management Assistant | ($67,314) |
| 1408 Principal Clerk | 62,099 |
| Difference | ($5,215) |

This position will manage the Maritime Division's clerical tasks, including assisting with advisory groups, monitoring expenses using spreadsheets and the City's FAMIS system, resolving vendor payment issues, answering inquiries from the public, and other general office and organizational responsibilities. A 1408 Principal Clerk position is a better fit for these responsibilities.

## Conclusion

The Port's proposed FY 2008-09 operating budget is a modest 2.7% increase from FY 2007-08 while adding $1.1 million to the Port's operating reserve. The primary increases to the Port's budget is for salaries and fringe benefits which reflect wage and health benefit increases but also includes adding seven new positions. Six of those positions are in the Port's Maintenance Division, the cost of which is off-set through various expenditure savings including deleting two positions. The budget continues to provide funding for professional services and one-time projects that will enable the Port to better repair, manage, and develop the City's waterfront.

Port staff recommends that the Port Commission adopt the proposed annual operating budget and authorize the Executive Director to make non-material changes to the budget as may be necessary. If Port staff make material changes to the budget, such as adding or deleting positions or significantly increase or decrease revenue estimates, we will return to the Port Commission for approval before we submit the budget to the Board of Supervisors. Non-material changes are generally technical adjustments to the budget, not policy changes. Examples of non-material changes include updates to the budget for salaries and fringe benefits as City-wide MOUs are finalized or adjustments to work order amounts with other City departments as cost estimates are finalized. Once Mayor Gavin Newsom's Office and the Board of Supervisors finalize the budget, staff will return to the Port Commission with the adopted budget, detailing all changes made by staff, the Mayor and the Board.

Prepared by: Tina Olson, Deputy Director, Finance and Administration

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-10**

WHEREAS, Port Commission staff has developed a proposed Fiscal Year 2008-09 operating budget; and

WHEREAS, The proposed operating budget includes projected revenues of $64,968,548; and

WHEREAS, The proposed operating budget includes projected expenses of $61,465,217; and

WHEREAS, The proposed operating budget includes an operating reserve of $9,278,589; and

WHEREAS, The operating budget must also be approved by Mayor Gavin Newsom and the Board of Supervisors; now therefore, be it

RESOLVED, That the Port Commission hereby approves the Fiscal Year 2008-09 operating budget as presented by staff and authorizes the Executive Director to submit the operating budget to the Mayor and the Board of Supervisors for approval; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to make non-material changes to the operating budget as may be necessary prior to the Mayor and Board of Supervisors' approval.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 26, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 20, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney A. Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director MMoyer

**SUBJECT:** Request Approval of Proposed $7.6 Million Annual Capital Project Budget Funding for Fiscal Year 2008/09.

**DIRECTOR'S RECOMMENDATION**: APPROVE ATTACHED RESOLUTION

Attached is the Annual Capital Project Budget that Port staff is proposing for Fiscal Year 2008/09. The FY 2007/08 proposed budget provides $7,621,000 in Port funding for capital projects as detailed in Exhibit 1.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding requests for FY 2008/09 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these projects will be provided by the unappropriated balance from the Port's operating fund, and the partial defunding of a previously approved capital project.

The capital project budget that staff is proposing for FY 2008/09, shown in Exhibit 1, includes funding for: (i) the Port's maintenance dredging program for next year; site furnishings, lighting improvements, and a drainage system upgrade for Taylor Street; (ii) the next phase of work scheduled as part of a complete overhaul of Piledriver No.1; (iii) repairs to the Port's ferry terminal floats; (iv) repairs and upgrades to the water mains at Piers 26 and 28; and (v) improvements to the railroad track at Piers 80 and 94/96.

**This Print Covers Calendar Item No. 8B**


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Also included in the proposed capital project budget is additional funding for: (i) Port capital projects established to repair the pier structures and utility infrastructure of Port facilities, (ii) greening and beautification projects in the Southern Waterfront, (iii) a capital project to fund capital improvements needed as part of the leasing process, and (iv) a capital project established for physical improvements to Port facilities to make them more accessible to the disabled. Lastly, the proposed capital project includes funding for painting the Pier 29 Annex building, and for architectural and engineering services for the development of a concept and design for a building to house the Fisherman's Wharf Harbor Office and the headquarters of the SFPD's marine unit.

As the build-out of the fish processing facility at Pier 45 Shed C is not scheduled to go forward at this time, Port staff is proposing that funding for this capital project be reduced by $1,570,000, and that the funds be returned to the Port's fund balance for reappropriation in the FY 2008/09 capital budget. The delay in the Pier 45 Shed C project is due to insufficient demand by the fishing industry, and logistical problems with configuring the individual tenant spaces.

Based on the Port's existing capital project needs and available funding, Port staff submits to the Port Commission the attached proposed Annual Capital Project Budget for Fiscal Year 2008/09, and recommends its approval for submission to Mayor Gavin Newsom and the Board of Supervisors, as detailed in the proposed resolution attached to this memorandum. Port staff will return to the Port Commission to report on the adopted Annual Capital Project Budget, and detail any changes made by staff, the Mayor, or the Board of Supervisors for the Port Commission's approval.

Prepared By: Lawrence Brown, Financial Analyst

For: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-11**

WHEREAS, The Port has available funds for capital projects in the amount of $7,621,000 held in its Operating Fund which is derived from a combination of accumulated reserves, a surplus from the proposed FY 2008/09 operating budget, and the partial defunding of the Pier 45C Development project, and

WHEREAS, Port staff has identified the following capital projects which warrant the allocation of $7,621,000 in funding for Fiscal Year 2008/09:

Taylor Street Drainage System Upgrade
Taylor Street Site Furnishings and Lighting Improvements
Fisherman's Wharf Harbor Office and SFPD Marine Unit Headquarters
Pier 29 Annex Building Painting Project
Ferry Terminal Float Repairs
Piers 26 and 28 Water Main and Backflow Device Upgrade
Piers 80/94/96 Railroad Track Evaluation and Improvements
Greening and Beautification Project
Dredge Materials Testing – FY 2008/09 Program
Maintenance Dredging – FY 2008/09 Program
Port ADA Transition Plan
Utilities Project
Pier Structures Repair Project, Phase II
Leasing Capital Improvement Project
Piledriver No. 1 Drydock and Repair;

now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the funding of $7,612,000 from the Operating Fund to fund these projects which have been designated as having high priority; and, be it further

RESOLVED, That the Port Commission hereby approves the FY 2008/09 Capital Project Budget in the amount of $7,612,000 as developed by staff and attached to the staff report dated February 20, 2008, accompanying this Resolution; and, be it further

RESOLVED, That staff is directed to submit the FY 2008/09 Capital Project Budget in the amount of $7,612,000 to Mayor Gavin Newsom and the Board of Supervisors for approval; and, be it further

RESOLVED, That after the FY 2008/09 Capital Project Budget has been approved by Mayor Newsom and the Board of Supervisors, staff will return to the Port Commission to report on the adopted FY 2008/09 Capital Project Budget, and detail any changes made by staff, the Mayor, or the Board of Supervisors for the Port Commission's approval.

***I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of February 26, 2008.***

_____

Secretary

## EXHIBIT 1

### Capital Projects
### Proposed Funding for FY 2008/09

| Project | Operating Fund | Previous CP or Other Funding | Amount Defunded | Total Project Funding |
|---|---|---|---|---|
| *Fisherman's Wharf* | | | | |
| Taylor Street Drainage System Upgrade | 500,000 | 0 | 0 | 500,000 |
| Taylor Street Site Furnishings & Lighting Improvements | 150,000 | 0 | 0 | 150,000 |
| FW Harbor Office & SFPD Marine Unit Headquarters | 300,000 | 0 | 0 | 300,000 |
| Pier 45 Shed C Development Project | 0 | 3,258,630 | (1,570,000) | 1,688,630 |
| *Northeast Waterfront* | | | | |
| Pier 29 Annex Building Painting Project | 50,000 | 0 | 0 | 50,000 |
| *Ferry Building Area & South Beach* | | | | |
| Ferry Terminal Float Repairs | 300,000 | 0 | 0 | 300,000 |
| Piers 26 & 28 Water Main and Backflow Device Upgrade | 416,000 | 0 | 0 | 416,000 |
| *Southern Waterfront:* | | | | |
| Piers 80/94/96 Railroad Track Evaluation & Improvements | 500,000 | 0 | 0 | 500,000 |
| Greening & Beautification Project – Add'l Funding | 75,000 | 100,000 | 0 | 175,000 |
| *Portwide Projects:* | | | 0 | |
| Dredge Materials Testing – FY 2008/09 Program | 450,000 | 0 | 0 | 450,000 |
| Maintenance Dredging – FY 2008/09 Program | 2,550,000 | 0 | 0 | 2,550,000 |
| Port ADA Transition Plan – Add'l Funding | 500,000 | 1,133,961 | 0 | 1,633,961 |
| Utilities Project – Add'l Funding | 400,000 | 2,175,000 | 0 | 2,575,000 |
| Pier Structures Repair Project, Phase II – Add'l Funding | 900,000 | 1,007,500 | 0 | 1,907,500 |
| Leasing Capital Improvement Project - Add'l Funding | 230,000 | 770,000 | 0 | 1,000,000 |
| Pilcdriver No.1 Drydock & Repair | 300,000 | 292,000 | 0 | 592,000 |
| **Total Proposed Project Funding** | **$7,621,000** | **$8,737,091** | **$(1,570,000)** | **$14,788,091** |

**FY 2008/09 CAPITAL PROJECT BUDGETS**

| Project Name | Amount | Description |
|---|---|---|
| Taylor Street Drainage System Upgrade | $500,000 | This project provides funding for the following: i) construction of manholes, catch basins, and other drainage system improvements to be constructed in conjunction with the resurfacing of Taylor Street; and ii) rerouting a stormwater trench drain that runs under the Taylor Street restaurant crabpots to the City sewer system.<br><br>Uneven asphalt and non-code compliant drainage along Taylor Street constitutes a safety hazard. SFDPW will resurface the street, but the Port is responsible for the sewer/drainage and sidewalk utilities.<br><br>Restaurant tenants currently use a trench drain to discharge waste from crabpots. This waste empties into the Bay which is a violation of State water code. Rerouting this trench drain will correct this problem. |
| Taylor Street Site Furnishings & Lighting Improvements | $150,000 | This project will fund the installation of bollards, lighting improvements, and benches along Taylor Street. The improvements will result in a new expanded multi-use sidewalk that can be used for additional dining areas by the Port's restaurant tenants. The project is expected to generate approximately $116,000 in additional revenue annually for the Port. |
| FW Harbor Office & SFPD Marine Unit Headquarters | $300,000 | This project provides funding for architect and engineering services for the development of a concept and design for a building(s) to house the Port's Fisherman's Wharf Harbor and SFPD-Marine Unit's administrative offices. The building will also include staff restrooms & shower, changing room, storage room, and a public meeting room that can also be used as an incident command post. The project scope includes preparation of conceptual drawings, construction drawings, and detailed cost estimates.<br><br>The conceptual drawings, construction, and cost estimates will be used for review by citizen advisory groups, and for submittal to grant agencies for construction funding. The preparation of these documents will assist the Port in its efforts to secure grant funding for construction of this facility. |
| Pier 29 Annex Building Painting Project | $50,000 | This project will fund the exterior painting of the Pier 29 Annex building. Also included is funding for the stabilization of the lead-based paint on the building. The lead paint on the building exterior is peeling in many areas, is a hazard, and needs to be remediated. New paint will help to waterproof the building, and protect against sun damage. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Ferry Terminal Float Repairs | $300,000 | This project will fund fender replacement, and critically needed electrical repairs to the Port's public ferry terminal floats. These repairs are needed for the continued safe and secure operation of the public ferry terminals.<br><br>Pier security, ferry loading and unloading, and lighting are contingent upon electrical power. The fendering systems need to be in good repair to allow the safe operation of the ferries, and to prevent damage to the ferry and the piers during docking. |
| Piers 26 & 28 Water Main and Backflow Device Upgrade | $416,000 | The water mains under Pier 26 and 28 are very old and break frequently, resulting in a loss of revenue (because of rent credits provided to tenants due to lack of water service) and added expense to the Port. In addition, the mater mains are not protected by back flow prevention devices that are required by current health and building codes.<br><br>This project would fund the relocation of the water mains and the water pipes to an above deck location and extend the pipe out to the ends of the piers. Water tie-ins would be included at regular intervals for existing and future tenants, and back flow prevention devices would be installed. The upgrades would provide for more dependable water service. |
| Piers 80 & 94/96 Railroad Track Evaluation and Improvements | $500,000 | This project will provide funding for: i) a study to determine and evaluate the feasibility of constructing additional rail links at Piers 80 & 94/96 and ii) engineering, and construction of the rails links identified by the study.<br><br>The soon to be completed Illinois Street intermodal bridge will re-established the rail link between Pier 80 and the Union Pacific railroad system. Recent studies performed by a railroad consultant indicate that improvement to the rail track system at Pier 80, and 94/96 are needed to improve the versatility and productivity of the facilities. The Port has also received expressions of interest from companies who would like to move auto, oversize cargo, steel, and other goods via rail. An improved rail system at the Port's cargo terminal will be needed in order to accommodate this new business. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Greening & Beautiful Project – Add'l Funding | $75,000 | This project provides funding for greening and beautification projects and related improvements for sites located in the Southern Waterfront.<br><br>$75,000 in additional funding is now needed to cover the Port's expected obligation related to beautification in the Southern Waterfront. This obligation is the result of anticipated new leasing in the Southern Waterfront in FY 2008/09, and a policy adopted by the Port Commission on November 17, 2007 that established a Southern Waterfront Community Benefits and Beautification Fund, and a funding mechanism consisting of a revenue set aside from the collection of rent generated by new leasing in the area. |
| Dredge Materials Testing – FY 2008/09 Program | $450,000 | This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities for FY 2008/09.<br><br>Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site. |
| Maintenance Dredging – FY 2008/09 Program | $2,550,000 | This project will fund the Port's dredging activities for FY 2008/09. It will fund dredging at Piers 27, 35, 80, 94/96 and Islais Creek channel. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators. |
| Port ADA Transition Plan – Add'l Funding | 500,000 | This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. To date, $1,133,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects.<br><br>Additional funds are now needed to bring the parking, entrances, and bathrooms at the 401 Terry Francois building up to current ADA standards. Funding is also available for other accessibility repairs and improvements as needed. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Utilities Project – Add'l Funding | $400,000 | This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. To date, $2,175,000 has been appropriated for this project; almost all of which has been committed for specific utility projects.<br><br>Additional funds are now needed for fire systems certification program (phase III), utility mapping (phase II), and utility service improvements at Piers 26, 28 & 33. Funding provided is also available for utility-related repairs at other facilities as needed. |
| Pier Structures Repair Project, Phase II | 900,000 | This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. To date, $1,007,500 has been appropriated for this project; almost all of which has been committed for pier repair projects.<br><br>Additional funds are now being provided to finance the partial repair of Wharf J-9 deck, piles, and seawall. Funding provided will also cover pier-related repairs at other facilities as required.<br><br>Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets. |
| Leasing Capital Improvement Project - Add'l Funding | 230,000 | As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing.<br><br>Additional funding is now needed for site improvements to parcels located in the Backlands area of the Southern Waterfront. These improvements will greatly assist Port staff in their leasing efforts in the area. |

**FY 2008/09 CAPITAL PROJECT BUDGETS (cont.)**

| Project Name | Amount | Description |
|---|---|---|
| Piledriver No.1 Drydock and Repair | $300,000 | This project funds the drydocking and complete overhaul of the Port's Piledriver No.1. The total project, estimated to cost $1.9 million, is being funded over several years as funds become available. $292,000 was appropriated in FY 2007/08 to fund the initial phase of the project consisting of sandblasting, painting, and make repairs to the hull, and strengthening the top deck of the vessel.<br><br>Additional funding is now needed for spuds, and other repairs slated for Phase II of the drydock and repair project. Spuds are outrigger devices used to stabilize the Piledriver when it is operating.<br><br>The Port's piledriving rig is an important part of the Port's pier maintenance and repair program. If deferred maintenance forces the rig out of service, the Port would have to either suspend needed piledriving work, or contract the work out to an outside vendor at a higher cost. |
| Total Proposed Project Funding | $7,621,000 | |

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 21, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request approval of the Port's Operating Reserve Policy

**DIRECTOR'S RECOMMENDATION**: APPROVE ATTACHED RESOLUTION

The purpose of this item is to request Port Commission approval of the Port's proposed Operating Reserve Policy.

***Background***
Governments typically maintain unappropriated fund balances or operating reserves to mitigate future risks such as revenue shortfalls and unanticipated expenditures. The Government Finance Officers Association (GFOA) recommends that government entities establish formal policies on the level of operating reserve. GFOA further recommends an operating reserve equal to 5% to 15% of operating expenses or no less than one to two months of regular operating expenses. Rating agencies evaluate government operating reserves to help determine credit worthiness. Rating agencies prefer to see higher operating reserves to ensure a governmental entity's ability to repay debt.

Government entities should consider the following factors when establishing an operating reserve policy:

- Predictability of revenues and the volatility of expenditures.
- Availability of resources in other funds.
- Liquidity of resources
- Designations of unreserved fund balances for specific purposes

**This Print Covers Calendar Item No. 8C**

*Port of San Francisco's Budget and Revenues*
The Port of San Francisco has fairly predictable revenues and operating expenses. However, the Port of San Francisco relies exclusively on the revenues it generates from the use of its property and does not receive any tax revenues. Thus, if there were a major catastrophic event such as an earthquake that destroyed Port property, the Port would most likely lose a significant portion of its operating revenues. Two months of the Port's total FY 2007-08 operating expenses is approximately $10 million. However, in the event of a major catastrophic event, the Port would not have to expend all of its operating budget line items. At a minimum, the Port would need to cover Port employees' salaries and fringe benefits, debt service, rent, insurance, and some materials and supplies, and any outstanding professional services invoices. These are expenses that the Port should try to pay until such time as the Port could secure federal aid or other non-Port monies to make repairs and continue to operate the Port. In FY 2007-08, two months of these essential expenses is approximately $6.5 million.

The Port's operating budget includes approximately $10 million or almost 17% in one-time expenses such as facilities maintenance projects, equipment, and professional services that the Port can choose to defer in an emergency. In addition, the Port's annual capital budget is usually approximately $8 million that it can choose to defer in an emergency. The other significant budget items in the Port's budget are work-orders to other City departments that the City could cover during a two month period since its revenue base includes various taxes that it would continue to collect after a major disaster albeit at a lower rate.

15% of the Port's FY 2007-08 total operating expenses is $8,977,490.

*Port of San Francisco's Proposed Operating Reserve*
To ensure the Port has the resources to cover primary operating expenses in the event of a major catastrophe, we are proposing a Port policy that requires a minimum operating reserve of no less than two months of the Port's essential operating expenses as described above. However, it is the Port's policy to budget an operating reserve of 15% of the Port's total operating expenses to provide assurances to the rating agencies that the Port will be able to cover its debt service payments. Thus, if during the course of a fiscal year the Port appropriates monies from its operating reserve to cover unforeseen expenses unrelated to a major catastrophe, such appropriation shall not reduce the Port's operating reserve to below two months of the Port's regular operating expenses. However, the Port will make the necessary adjustments to provide an operating reserve of 15% of the Port's total operating expenses when it submits its annual budget to the Port Commission, Mayor and Board of Supervisors for review and approval.

*Use of Operating Reserve*
The Port may use the operating reserve to cover unforeseen expenses provided it seeks authorization in advance to do so from the Port Commission, Mayor, and Board of Supervisors. The Port may use funds from the operating reserve without first seeking authorization from the Port Commission if the Mayor declares an emergency or an event occurs on Port property that requires an immediate response for which the Port has insufficient appropriated funds or lacks the appropriation authority to spend funds as required by the event.

*Conclusion*
In summary, GFOA recommends that all governmental entities have a formal operating reserve policy. GFOA further recommends an operating reserve equal to 5% to 15% of operating

expenses or no less than one to two months of regular operating expenses. Based on the Port's revenue base, operating budget line items, and annual capital budget, Port staff recommends maintaining a minimum operating reserve of no less than two months of the Port's essential operating expenses including Port employees' salaries and fringe benefits, debt service, rent, insurance, and some materials and supplies, and any outstanding professional services invoices. However, it is the Port's policy to budget an operating reserve of 15% of the Port's total operating expenses to provide assurances to the rating agencies that the Port will be able to cover its debt service payments.

The Port may use the operating reserve to cover unforeseen expenses provided it seeks authorization in advance to do so from the Port Commission, Mayor, and Board of Supervisors. The Port may use funds from the operating reserve without first seeking authorization from the Port Commission if the Mayor declares an emergency or an event occurs on Port property that requires an immediate response for which the Port has insufficient appropriated funds or lacks the appropriation authority to spend funds as required by the event.

Prepared by: Tina Olson, Deputy Director
Finance and Administration

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-12**

WHEREAS, The Government Finance Officers Association (GFOA) recommends that all government entities establish formal policies on maintaining a level of operating reserves; and

WHEREAS, The GFOA further recommends an operating reserve equal to 5% to 15% of operating expenses or no less than one to two months of regular operating expenses; and

WHEREAS, The rating agencies prefer to see higher operating reserves to ensure a governmental entity's ability to repay debt; and

WHEREAS, In the event of a major catastrophe, at a minimum, the Port should be able to pay two months of essential expenses including salaries, fringe benefits, rent, debt service, some materials and supplies, and outstanding professional services invoices; now, therefore, be it

RESOLVED, That it is the Port's goal to maintain an operating reserve of 15% of operating expenses; and be it further

RESOLVED, That the Port's operating reserve should not fall below an amount equal to the estimated cost of two months' expenditures on essential expenses, including salaries, fringe benefits, rent, debt service, essential materials and supplies, and payment of outstanding invoices for professional services; and be it further

RESOLVED, That the Executive Director or her designee may use the operating reserve for unforeseen operating expenses provided the Port obtains authorization in advance for the expenditures from the Port Commission, the Mayor and the Board of Supervisors; and be it further

RESOLVED, That the Executive Director or her designee may use funds from the Port's operating reserve to address an emergency without first seeking authorization from the Port Commission where the Mayor has declared an emergency pursuant to his authority under the Charter, or to address other emergencies on Port property that requires an immediate response; provided the Executive Director uses best efforts to seek Port Commission approval for the expenditure in advance, or as soon thereafter as possible if the emergency does not permit advance approval, and the expenditure complies with the City's laws.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 26, 2008.***

_____
Secretary

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 20, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request approval of the Port's 10-Year Capital Plan, FY 2008-17 Update

**DIRECTOR'S RECOMMENDATION**: APPROVE ATTACHED RESOLUTION

**Background**
As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2008 and is expected to be adopted through Board of Supervisors legislation by May 1, 2008. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2008-17 Capital Plan. The FY 2008-17 Capital Plan will also be posted on the Port's website (www.sfport.com) under the Finance and Administration section at http://www.sfport.com/site/port_page.asp?id=31796. The schedule of needs and funding sources included with the Port's draft plan submitted to the City is attached to this report.

**Overview**
The Port's first 10-Year Capital Plan issued in Spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

**This Print Covers Calendar Item No. 8D**

This update of the Port's 10-Year Capital Plan for FY 2008-17 includes, on the needs assessment side, transition to a new database, a capturing of new 10-year renewal costs, and as a part of that process, a new way of looking at the Port's piers and wharves.

On the financing side, the availability of new resources, including Infrastructure Finance Districts (IFD), a SWL 337 partially disencumbered from the public trust, and Parks and Open Space General Obligation Bond, have allowed the Port to program, as a baseline, $461 million in bond monies. Contingencies built around heavier development at SWL 337 push this number as high as $541 million, over half of one billion dollars.

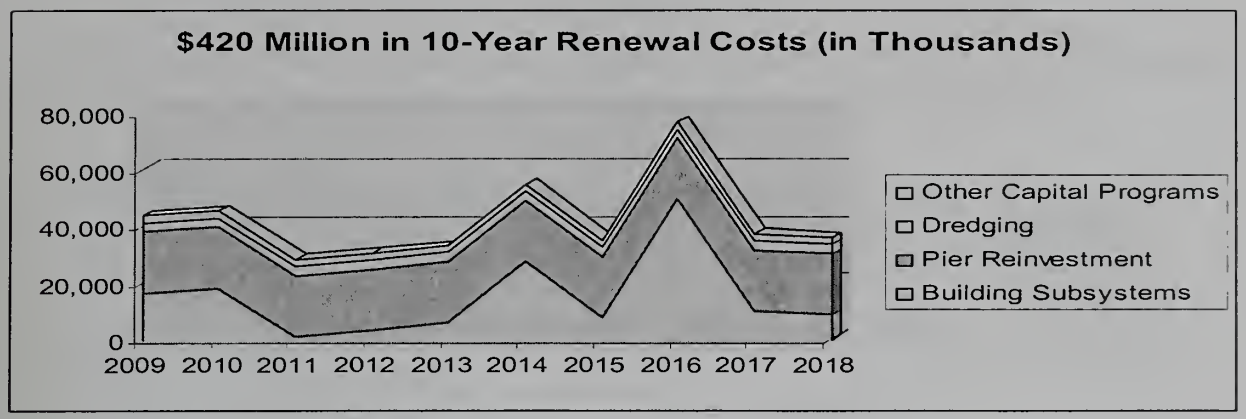
**Summary of Changes – Needs Assessment**

On the expenditure / needs estimate side, the most significant difference between the Port's FY 2008-17 Capital Plan and the two prior iterations of that plan is that, in addition to the backlog, the Port's plan now includes costs for 10 years of planned capital renewal. As noted in the Port's first Capital Plan, we had always planned to include renewal costs in the Port's 10-Year Capital Plan. Transitioning to the City's Facilities Renewal and Reinvestment Model (FRRM) accomplished this goal. A detailed breakdown of the Port's $1.9 billion in capital need can be found in Appendix A to the FY 2008-17 Capital Plan.

| Changes in Dollars (in Millions) | |
|---|---|
| FY 2007-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| **FY 2008-17 Total** | **$1,945** |

Whereas the cost estimates for the Port's prior Capital Plan were driven by the Port's internally developed Capital Plan Database (CPDB), they are now driven by the City's FRRM model, a centralized system now used by all City Departments. Most cost estimates were transferred from the CPDB to the FRRM database on a dollar-for-dollar basis, though some projects - primarily building subsystems - were completely re-estimated using the FRRM methodology.

Where in the prior model, all structures were broken down into five categories at most, the FRRM model breaks those same buildings down into a dozen or more subsystems. This will allow the Port to run reports that, for example, predict when all the roofs will need to be replaced over time, allowing Port staff to plan for those replacements. Overall, the addition of $420 million in renewal costs, consisting of the total amount the Port would need to address new issues that will develop over the next 10 years, can be represented as follows:




Piers as infrastructure: Another significant change brought about by the change in the capital model is that the Port's piers and wharves are now, for renewal purposes, treated collectively as infrastructure. More like the foundation of a building or a system of utility mains, each of which could last 100 years, an amount of funding is programmed each year to repair or replace what becomes the weakest part of the overall system. The lifespan of individual components is on such a long time frame, that predicting differential wear-and-tear of those components, as well as a specific replacement year, is problematic.

Using a different replacement schedule for each of the Port's four types of pier substructures, staff settled on a representative number of three-quarters of one percent (0.75%) of the estimated current replacement value of those structures as the annual reinvestment need. Depicted as "Pier Reinvestment" in the graph above, and listed under the "Portwide Annual Programs" in the attached Schedule A, this works out to be $21.6 million annually.

**Summary of Changes – Financing Plan**

The most striking difference in the Port's Financing Plan this year is the level of funding that has become available through bonds, climbing this year to, as a conservative baseline assumption, $461 million.

Programming for Revenue Bonds totaling $162.5 million are proposed as follows:

**Port Revenue Bond Projects**

| Project | Bond – Base Port Revenues | Bond – Additional SWL 337 Lease Revenues | Total Revenue Bond Funding |
|---|---|---|---|
| Agriculture Building | $10,000,000 | - | $10,000,000 |
| Pier 9 | - | $21,420,000 | 21,420,000 |
| Piers 19-23 | 9,000,000 | 18,580,000 | 27,580,000 |
| Piers 33 and 35 | - | 25,000,000 | 25,000,000 |
| Pier 50 | 30,000,000 | - | 30,000,000 |
| Pier 80 | 30,000,000 | - | 30,000,000 |
| Pier 90-96 Seawall | 8,000,000 | - | 8,000,000 |
| Misc. Wharves and Aprons | 2,500,000 | - | 2,500,000 |
| Tunnel & Rail Improvements | 8,000,000 | - | 8,000,000 |
| **Total** | **$97,500,000** | **$65,000,000** | **$162,500,000** |

The $33.5 million in Port open space projects approved by voters on February 5, 2008 are listed in the table below. The Port intends to construct these improvements by FY 2013-14.

**G.O. Bond Park Funding**

| Port Area | Proposed Park | Project | G.O. Bond Funding |
|---|---|---|---|
| Fisherman's Wharf | Pier 43 ½ Park | Pier 43 ½ | $9,000,000 |
| South Beach | Brannon Street Wharf Park | Brannon St. Wharf | 3,000,000 |
| China Basin | Bayfront Park | Blue Greenway Project | 21,000,000 |
| Southern Waterfront | Crane Cove Park | | |
| | Warm Water Cove Park | | |
| | Islais Creek | | |
| | Heron's Head Park Entrance | | |
| | | **Total:** | **$33,500,000** |

The Port's Infrastructure Finance District Bonds, now substantially larger than in the previous iterations of this report, have been proposed as follows:

**Infrastructure Finance District Bond Projects**

| Project | Tax Increment IFD Bond | Additional SWL337 Tax Increment IFD Bond | Total IFD Bond Funding |
|---|---|---|---|
| Piers 27-31 | $60,000,000 | - | $60,000,000 |
| Pier 70 – Infrastructure | 40,000,000 | - | 40,000,000 |
| Pier 70 – Environmental | 30,000,000 | - | 30,000,000 |
| Pier 70 – Open Space | 20,000,000 | - | 20,000,000 |
| Pier 70 – Piers and Wharves | 50,000,000 | - | 50,000,000 |
| Pier 70 – UIW Building | - | $45,000,000 | 45,000,000 |
| Islais Creek | - | 4,000,000 | 4,000,000 |
| Blue Greenway | - | 16,000,000 | 16,000,000 |
| **Total** | **$200,000,000** | **$65,000,000** | **$265,000,000** |

**Financing Plan SWL 337 Contingencies**

Heavier development at SWL 337 has the potential to increase the Port's bond revenues by as much as $80 million. Under the scenario where the Port realizes $8 million annually from both revenues and the IFD, which would equate to $40 million more than the Port's current baseline assumption, the Port would consider directing that funding as follows:

Increased Lease Revenue

- Additional funding to Piers 19-23 - $20 million (for a total of $38.6 million)

Increased IFD Revenue

- Portwide seawall repairs - $20 million

Under the scenario where the Port realizes $10 million annually from both revenues and the IFD -- $80 million more than the Port's current baseline-- the Port has preliminarily programmed that additional funding as follows:

Increased Lease Revenue

- Additional funding to Piers 33 / 35 - $12 million (for a total of $37 million)
- Historic wharf repairs at Fisherman's Wharf - $8 million

Increased IFD Revenue

- Amador Street and Backlands Infrastructure - $15 million
- Pier 52 Historic Rail Ferry Repairs - $5 million

**Conclusions**

In 2005, the Port's Capital Plan seemed like (at best) a decades-long solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. Suddenly, it appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers within the next five years.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting "public trust" use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A in Mission Bay – is approximately 14 acres.

Development of a portion of Lot A free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing be spent on preservation of historic resources on Port property or waterfront open space pursuant to the San Francisco Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of Lot A into improvements throughout the waterfront. Consensus regarding the final development plan for Lot A and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including Lot A) will yield these improvements as early as FY 2013-14.

In an historic first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No), meaning that $33.5 million in waterfront open space projects approved by the Port Commission in the FY 2007-08 Capital Plan are, indeed, funded.

There are still considerable issues to be addressed in the Pier 70 area and other areas around the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to develop plans for financing a new Cruise Terminal. We know that the State of California needs to begin contributing to its interests, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government likewise has an interest in

removing threats to navigation posed by rotting Port facilities near navigation channels. And the Port needs the support of the City's elected family to enact some of the financing strategies described in the FY 2008-09 Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

**Port Commission Action**

Port staff seek Commission adoption of the Port's 10-Year Capital Plan, FY 2008-17 Update.

Prepared by: Tina Olson, Deputy Director, Finance Division
Brad Benson, Special Projects Manager
Daley Dunham, Principal Administrative Analyst

SCHEDULE A

## Port Facilities and Infrastructure

| | | Projected 10-Year Additional Need | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Backlog | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total 10-Year Need |
| Facility / Program Needs | | | | | | | | |
| Facilities, by Region | | | | | | | | |
| Fisherman's Wharf | 74,700 | 8,059 | 938 | 241 | 611 | 1,952 | 14,613 | 102,114 |
| Northeast Waterfront | 323,872 | 8,096 | 8,672 | 487 | 339 | 0 | 25,735 | 383,181 |
| Ferry Building Area | 72,785 | 0 | 611 | 234 | 0 | 843 | 8,165 | 82,438 |
| South Beach | 282,440 | 283 | 2,368 | 0 | 607 | 3,201 | 3,929 | 292,708 |
| China Basin | 121,138 | 133 | 1,644 | 0 | 0 | 0 | 4,662 | 127,475 |
| Southern Waterfront | 698,439 | 861 | 6,880 | 23 | 1,704 | 0 | 84,214 | 892,111 |
| Portwide Misc.(Equipment, ADA Plan) | 8,227 | 0 | 4,371 | 0 | 0 | 0 | 0 | 12,598 |
| Subtotal | 1,482,599 | 18,402 | 22,484 | 985 | 3,261 | 5,795 | 141,118 | 1,872,825 |
| Portwide Annual Programs | | | | | | | | |
| Dredging | | 3,225 | 3,225 | 3,225 | 3,225 | 3,225 | 16,125 | 32,250 |
| Facility Condition Survey | | 323 | 323 | 323 | 323 | 323 | 1,615 | 3,230 |
| Emergency Facility Repair | | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 | 5,375 | 10,750 |
| Special Area Plan - Open Spaces | | 1,014 | 1,014 | 1,014 | 1,014 | 1,014 | 5,070 | 10,140 |
| Pier/Wharf Substructure Reinvestment | | 21,600 | 21,600 | 21,600 | 21,600 | 21,600 | 108,000 | 216,000 |
| Subtotal | | 27,237 | 27,237 | 27,237 | 27,237 | 27,237 | 136,185 | 272,370 |
| Total Additional Need: | | 43,639 | 49,721 | 28,202 | 30,498 | 33,033 | 277,303 | |
| Total Cumulative Need: | 1,482,599 | 1,526,238 | 1,575,959 | 1,604,161 | 1,634,659 | 1,667,692 | 1,944,995 | |

| Funding Sources | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total |
|---|---|---|---|---|---|---|---|
| Port Tenant Responsibility | | | | | | 71,014 | 71,014 |
| Port Operating Budget | 8,762 | 8,762 | 8,762 | 10,000 | 10,000 | 50,000 | 96,286 |
| Port Revenue Bonds | | 40,000 | | 57,500 | 23,000 | 42,000 | 162,500 |
| Development Projects | | 60,901 | 115,169 | | | | 176,069 |
| Infrastructure Finance District | | | | 60,000 | 205,000 | | 265,000 |
| General Obligation Bonds | 11,167 | 11,167 | 11,167 | 0 | 0 | 0 | 33,501 |
| Total Additional Funding: | 19,929 | 120,830 | 135,097 | 127,500 | 238,000 | 163,014 | |
| Total Cumulative Funding | 19,929 | 140,759 | 275,856 | 403,356 | 641,356 | 804,370 | |
| Balance: | (1,506,309) | (1,435,200) | (1,328,305) | (1,231,303) | (1,026,336) | (1,140,625) | |

**PORT COMMISSION**
**CITY & COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-13**

WHEREAS, San Francisco's Administrative Code 2.30 – 2.31 requires City departments to submit a 10-year capital plan to Mayor Gavin Newsom and the Board of Supervisors by March 1 each year; and

WHEREAS, in 2006, the Port of San Francisco completed a 10-year Capital Plan that assessed the Port's capital needs including a review of 39 pile-supported pier structures, 80 substructures including marginal wharfs connecting the piers, 245 commercial and industrial buildings, over three miles of streets and sidewalks, as well as elements of the utility infrastructure that supports them; and

WHEREAS, in 2008, the Port has updated its 10-year Capital Plan which identifies $1.9 billion in required repairs and seismic upgrades over the next 10 years; and

WHEREAS, the Port's 10-year Capital Plan identifies $804 million to fund those repairs and seismic upgrades over the next 10 years through the Port's tenants, development projects, the Port's annual budget, revenue bonds, general obligation bonds and infrastructure financing district bonds, leaving $1.1 billion unfunded in 2018; and

WHEREAS, the Port will update this 10-year capital plan annually to reflect changes in the condition of the Port's facilities as well as changes in budget and financing assumptions; and, now therefore be it

RESOLVED, that the Port Commission adopts the Port's 10-year Capital Plan; and be it further

RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port to submit the Port's 10-year Capital Plan to Mayor Gavin Newsom and the Board of Supervisors by March 1, 2008.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 26, 2008.***

_____
Secretary

# Port of San Francisco

# 10-Year Capital Plan

## FY 2008-17 Update

## Table of Contents


| | | |
|---|---|---|
| I. | Executive Summary | 3 |
| II. | Summary of Changes | 5 |
| III. | Schedule of Expenses / Needs Assessment | 7 |
| IV. | Proposed Funding – Port Maps | 9 |
| V. | SWL 337 Alternate Funding Scenarios | 21 |
| VI. | Unfunded (Deferred) and Emerging Needs | 22 |
| VII. | Conclusions | 23 |
| Appendix A | | A-1 |

## I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including ATT Ballpark, the Ferry Building, Pier 1, Piers 1 ½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in the process of submitting an application to the National Park Service requesting that the Pier 70 area be designated a National Register Historic District.

A significant milestone for the current fiscal year is the southern approach to the Illinois Street Bridge, which will be completed in spring 2008. As the bridge becomes operational, added rail access will allow the Port to better market cargo facilities at Pier 80 to prospective clients. Additionally, construction of the Rincon Restaurants, located south of Rincon Park near Pier 22 ½, was recently completed in January 2008.

The proposed 10-year capital plan identifies a total need of approximately $1.9 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities (see chart at right). This is approximately $500 million greater than the $1.44 billion identified in the Port's FY 2007-08 10-year Capital Plan, due primarily to the inclusion of Port facilities in the City's Facility Resource Renewal Model (FRRM). Whereas the Port's capital planning database measures only existing backlogs of need, FRRM calculates an additional $418 million cost of repair and replacement work required in the future. The Port's FRRM will be included as part of its Plan in all annual updates beginning with FY 2007-2008.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan each year. The City's capital planning program publishes the submission of all departments annually in the City's Capital Plan. This report is a more detailed version of the Port's draft submission to the City's FY08-17 Capital Plan.

A summary of the changes from last year's report is as follows:

| Changes in Dollars (in Millions) | |
|---|---|
| FY 07-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| | $1,945 |

Of the $1.9 billion in total need, the Port has identified a total of $804 million in funding including: Port tenants, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, and for the first time, General Obligation bonds. The largest element of the Port's Plan is the rehabilitation and redevelopment of heavily blighted Pier 70 area, with estimated needs of approximately $497 million. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While it is hoped that much of this work can be completed through private development, much of it must be completed with other sources of funding first in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. However, each of these options will require significant staff time to develop and implement and each will require support from the City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result in 1) new lease revenues which will allow the Port to revenue-bond for an annual amount of $6 million, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds for an additional $6 million annually. This assumption would provide the Port with $130 million in bond funds. However, alternate development scenarios for SWL 337 could lead to and additional $80 million in bond funding to address the Port's capital needs. While the Port maintains its current baseline, the number and magnitude of capital issues that could be addressed with a heavier investment in SWL 337 suggest a clear avenue for future efforts.

In conclusion, the Port's newfound ability to utilize the public resources of Infrastructure Finance Districts, a SWL 337 disencumbered from public-trust restrictions, and inclusion in a City General Obligation Bond constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

## II. Summary of Changes

The most significant difference between the Port's FY08-17 Capital Plan and the two prior iterations of that plan is that, in addition to the backlog, the Port's plan now includes costs for 10 years of planned capital renewal. As noted in the Port's first Capital Plan, we had always planned to include renewal costs in the Port's 10-Year Capital Plan. Transitioning to the City's Facilities Renewal and Reinvestment Model (FRRM) accomplished this goal.

| Changes in Dollars (in Millions) | |
|---|---|
| FY 07-16 Total | $1,446 |
| 7.5% Cost Escalation | 109 |
| Inclusion of 10 years of Renewal costs | 420 |
| Database migration adjustments – reclassification of certain costs | -112 |
| Revised cost estimates (primarily upward revisions at Pier 70) | 82 |
| | $1,945 |

### Transition to a New Capital Planning Model

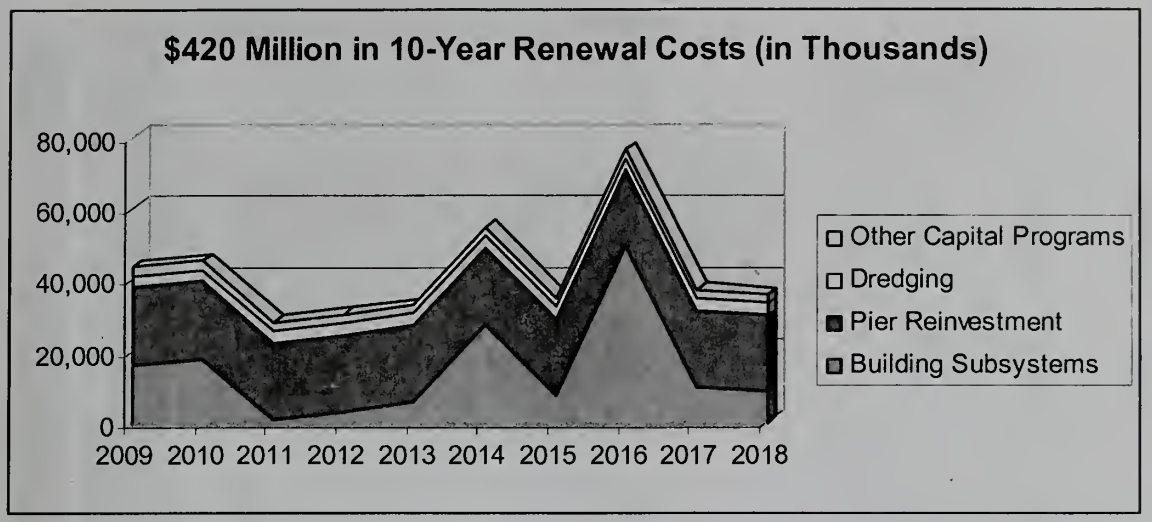
Whereas the cost estimates for the Port's prior Capital Plan were driven by the Port's Capital Plan Database (CPDB), they are now driven by the City's FRRM model. Most cost estimates were transferred from the CPDB to the FRRM database on a dollar-for-dollar basis[1], though some projects –primarily building sub-systems-- were completely re-estimated using the FRRM methodology.

### 10-year Subsystem Renewal

One advantage that the FRRM model has over the Port's previous model is that the FRRM goes to a finer level of resolution with regard to buildings. Where in the prior model, all structures were broken down into 5 categories at most, the FRRM model breaks those same buildings down into a dozen or more subsystems. This will allow the Port to run reports that, for example, predict when all the roofs will need to be replaced over time, allowing Port staff to plan for those replacements. Overall, the addition of $420 million in renewal costs consists of the total amount the Port would need to address new issues that will develop over the next 10 years. Per the schedule above they break down as follows:

---

[1] This was a challenging proeess in many ways because the FRRM model is more general in nature, whereas the CPDB was designed specifically for the Port. For example, where the FRRM model assumes a specific lifetime for a mechanieal subsystem in a building, say, 30 years for electrical systems, there is no assumed lifetime for structural elements of buildings. The FRRM model assumes that structural elements (e.g. walls and the foundation) essentially do not "wear out", but rather have a lifetime equal to the lifetime of the entire building. This is probably a safe assumption for college campuses, the application for which FRRM was originally designed. However, the Port has many buildings –particularly in the Pier 70 area—where structural elements of the building are failing, and because they are historic in nature, by virtue of Port policy, they are certainly at the end of their lifespan. As with other issues of this nature, the data was transitioned using the best available proxy in FRRM. As a result of the Port's effort migrate costs as representatively as possible, the Port's usage of FRRM substantially exeeeds that of any other City Department in terms of eomplexity and breadth of database tools used.




**Piers as Infrastructure**

This change is reflected in the new schedule of expenses line item, under Portwide Annual Programs, "Pier/Wharf Substructure Reinvestment."

Another significant change brought about by the change in the capital model is that the Port's piers and wharves are now, for renewal purposes, treated collectively as infrastructure. More like the foundation of a building or a system of utility mains, each of which could last 100 years, an amount of funding is programmed each year to repair or replace what becomes the weakest part of the overall system. The lifespan of individual components is on such a long time frame, that predicting differential wear-and-tear of those components, as well as a specific replacement year, is problematic.

Using a different replacement schedule for each of the Port's four types of pier substructures, staff settled on a representative number of three-quarters of one percent (0.75%) of the estimated current replacement value of those structures as the annual reinvestment need. As listed in the schedule below, this works out to be $21.6 million annually.

**Revised Schedule of Expenses**

Because there was significant variation in the way that other Enterprise Departments opted to display their expenses, we chose to maintain the prior-held way of viewing the Port, with six separate Port regions. We also chose to reflect a running total to reflect the Port's ongoing needed-repair expenses over the next ten years. It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs are all represented in 2008 dollars, and are not escalated.

## Port Facilities and Infrastructure

| | Backlog | Projected 10-Year Additional Need 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total 10-Year Need |
|---|---|---|---|---|---|---|---|---|
| **Facility / Program Needs** | | | | | | | | |
| Facilities by Region | | | | | | | | |
| Fisherman's Wharf | 74,700 | 9,059 | 938 | 241 | 611 | 1,952 | 14,613 | 102,114 |
| Northeast Waterfront | 323,872 | 6,096 | 6,672 | 467 | 339 | 0 | 25,735 | 363,181 |
| Ferry Building Area | 72,765 | 0 | 611 | 234 | 0 | 643 | 8,165 | 82,438 |
| South Beach | 282,440 | 263 | 2,368 | 0 | 607 | 3,201 | 3,929 | 292,708 |
| China Basin | 121,136 | 133 | 1,644 | 0 | 0 | 0 | 4,562 | 127,475 |
| Southern Waterfront | 599,439 | 861 | 5,860 | 23 | 1,784 | 0 | 84,214 | 692,111 |
| Portwide Misc.(Equipment, ADA Plan) | 8,227 | 0 | 4,371 | 0 | 0 | 0 | 0 | 12,598 |
| Subtotal: | 1,482,599 | 16,402 | 22,464 | 965 | 3,281 | 5,796 | 141,118 | 1,672,625 |
| Portwide Annual Programs | | | | | | | | |
| Dredging | | 3,225 | 3,225 | 3,225 | 3,225 | 3,225 | 16,125 | 32,250 |
| Facility Condition Survey | | 323 | 323 | 323 | 323 | 323 | 1,615 | 3,230 |
| Emergency Facility Repair | | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 | 5,375 | 10,750 |
| Special Area Plan - Open Spaces | | 1,014 | 1,014 | 1,014 | 1,014 | 1,014 | 5,070 | 10,140 |
| Pier/Wharf Substructure Reinvestment | | 21,600 | 21,600 | 21,600 | 21,600 | 21,600 | 108,000 | 216,000 |
| Subtotal: | | 27,237 | 27,237 | 27,237 | 27,237 | 27,237 | 136,185 | 272,370 |
| **Total Additional Need:** | | **43,639** | **49,721** | **28,202** | **30,498** | **33,033** | **277,303** | |
| Total Cumulative Need: | 1,482,599 | 1,526,238 | 1,575,959 | 1,604,161 | 1,634,659 | 1,667,692 | 1,944,995 | |

| Funding Sources | 2009 | 2010 | 2011 | 2012 | 2013 | 2014-18 | Total |
|---|---|---|---|---|---|---|---|
| Port Tenant Responsibility | | | | | | 71,014 | 71,014 |
| Port Operating Budget | 8,762 | 8,762 | 8,762 | 10,000 | 10,000 | 50,000 | 96,286 |
| Port Revenue Bonds | | 40,000 | | 57,500 | 23,000 | 42,000 | 162,500 |
| Development Projects | | 60,901 | 115,108 | | | | 176,009 |
| Infrastructure Finance District | | | | 60,000 | 205,000 | | 265,000 |
| General Obligation Bonds | 11,167 | 11,167 | 11,167 | 0 | 0 | 0 | 33,501 |
| **Total Additional Funding:** | **19,929** | **120,830** | **135,097** | **127,500** | **238,000** | **163,014** | |
| Total Cumulative Funding: | 19,929 | 140,759 | 275,856 | 403,356 | 641,356 | 804,370 | |
| Balance: | (1,506,309) | (1,435,200) | (1,328,305) | (1,231,303) | (1,026,336) | (1,140,625) | |

Just over $1 billion, or approximately 54% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the $816 million that the Port proposes to fund in the 10-year capital plan, approximately $440 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year[2]. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A. Please note that, while the CPDB was organized by project and allowed for ready customization of reporting, the FRRM database operates differently, presenting information by structure. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs all in 2008 dollars, and are not escalated.

[2] The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

## IV. Proposed Funding

The Port's ten-year capital plan proposes a total investment of $804.4 million, consisting of $162.5 million in Port Revenue Bonds, $265 million in Infrastructure Finance District (IFD) Bonds, $33.5 million in General Obligation Bonds, funds from the Port's operating budget, Port tenants, and private funds from development partners. These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Piers 19 and 23; Piers 9, 33 & 35; Piers 27-31, which are in negotiation for development of a mixed-use project; rail and tunnel improvements; Pier 50, home to the Port's Maintenance Division; Pier 70; Pier 80, the Port's primary cargo facility; the seawall at Piers 90-96; and various open space improvements along the waterfront.

**Port Revenue Bond Projects**

The Port anticipates issuing $162.5 million in revenue bonds by FY 2017-18. Structures were selected for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations.

Based on these criteria, the Port proposes to make improvements to the following Port facilities with Port revenue bond funds:

**Port Revenue Bond Projects**

| Project | Bond – Base Port Revenues | Bond – Additional SWL337 Lease Revenues | Total Revenue Bond Funding |
|---|---|---|---|
| Agriculture Building | $10,000,000 | - | $10,000,000 |
| Pier 9 | - | $21,420,000 | 21,420,000 |
| Piers 19-23 | 9,000,000 | 18,580,000 | 27,580,000 |
| Piers 33 and 35 | - | 25,000,000 | 25,000,000 |
| Pier 50 | 30,000,000 | - | 30,000,000 |
| Pier 80 | 30,000,000 | - | 30,000,000 |
| Pier 90-96 Seawall | 8,000,000 | - | 8,000,000 |
| Misc. Wharves and Aprons | 2,500,000 | - | 2,500,000 |
| Tunnel and Rail Improvements | 8,000,000 | - | 8,000,000 |
| **Total** | **$97,500,000** | **$65,000,000** | **$162,500,000** |

*Project Descriptions:*

- ***Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is

developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. An analysis of revenue potential indicates that making required repairs and upgrades will generate increased net lease revenues for the Port. The Port proposes to allocate $10 million in revenue bonds to cover repairs and seismic upgrades.

- ***Northeast Waterfront Piers - Piers 9, 33 and 35:*** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337, the first development affected by the new legislation, is, as a baseline, expected to earn approximately $6 million annually in additional lease revenues as a result of the changes (see the "alternative scenarios" section below for discussion on larger returns). This additional annual income of $6 million will help the Port to leverage approximately $65 million in revenue bonds. Piers 9, 33 and 35 will be the recipient of these Revenue Bond funds, which will go toward seismic upgrades and long-deferred repairs.

- ***Piers 19 and 23:*** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades. However, the Port has not begun a planning process to determine possible uses for the piers. Nonetheless, the Port will allocate revenue bonds to the piers to produce a higher return from the annual lease payments. The cost to completely rehabilitate and seismically upgrade these facilities for current uses is estimated to be approximately $44.4 million. The Port proposes to allocate approximately $18.6 million in revenue bond funds toward improving these facilities with the end-goal of generating increased lease revenues.

- ***Pier 50:*** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated need over the next 10 years totals $47.2 million; the Port proposes to allocate $30 million in revenue bond funds to seismically upgrade the facility, as well as provide other crucial repairs.

- ***Pier 80:*** located in the southern waterfront near Cesar Chavez Street, Pier 80 is the Port's cargo facility, which is presently focused on bulk and break-bulk cargo operations. It is currently under-utilized. The cost of needed repairs could be covered by increased revenues if the Port is better able to market this facility. As noted earlier, the Port recently constructed the Illinois Street Bridge, which will improve freight rail access to Pier 80, improving the marketability of the facility to prospective clients. The complete cost of repairs and seismic work to Pier 80 as well as the industrial buildings at Pier 80 is estimated at $99.7 million; the Port proposes to allocate $30 million in revenue bond funds to cover repairs to the pier sub-structure and improvements to some of the buildings housed there.

- ***Miscellaneous Pier Apron and Seawall / Wharf Repairs:*** Several of the Port's piers require major repairs to their aprons, which allow tenant access and more expansive uses of structures located on piers. The Port has obligations under some of its current leases to conduct apron repairs. Beyond aprons, the Port needs to (1) replace Wharf J-9 seawall which is required to continue to use the adjoining leased facilities and (2) make major repairs and improvements to the Pier 90 Wharf, which is required to support storage requirements for Port operations. The Port proposes to allocate $2.5 million in revenue bonds to address these issues.

**General Obligation Bond Projects**

As of the writing of this report, the City's February 2008 ballot contains a $185 million General Obligation bond for park and open space improvements, $33.5 million of which has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Proposed projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in Southbeach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. If approved by voters, the Port will construct these improvements by FY 2012-13.

**G.O. Bond Park Funding**

| Port Area | Proposed Park | Project | G.O. Bond Funding |
|---|---|---|---|
| Fisherman's Wharf | Pier 43 ½ Park | Pier 43 ½ | $9,000,000 |
| Southbeach | Brannon Street Wharf Park | Brannon St. Wharf | 3,000,000 |
| China Basin | Bayfront Park | Blue Greenway Project | 21,000,000 |
| Southern Waterfront | Crane Cove Park | | |
| | Warm Water Cove Park | | |
| | Islais Creek | | |
| | Heron's Head Park Entrance | | |
| | | **Total:** | **$33,500,000** |

**Development Projects**

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the following development projects will begin construction in the next five years. As previously noted, cost estimates included in this Plan only include repair and replacement costs and seismic upgrades that the Port would need to conduct to continue operating these facilities for their current uses. The descriptions below include enhancements developers are making to the facilities to change their use, the cost of which is not included in this Plan.

- ***Piers 15–17***: The Port entered into an Exclusive Negotiating Agreement (ENA) with the Exploratorium to renovate Piers 15-17 and relocate the Exploratorium museum from its current location at the Palace of Fine Arts. During the past several years the museum has been looking for a new home to accommodate its expanding needs. The Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The expected cost of the rehabilitation of Piers 15 and 17 is $61.3 million.

- ***Piers 27-31:*** Located on the northeastern waterfront, approximately one mile north of the Ferry Building, Piers 27-31 are under the jurisdiction of the Port Commission and currently consist of 832,369 square feet of pier space. Under the proposed Project Plan, the Developer would be awarded a 66-year lease agreement by the Port to renovate, occupy, and sublease space at Piers 27-31 for mixed uses. The Port entered into an ENA with SF Piers LLC to develop these piers for recreation and office space uses. The project is expected to be in construction in two years. As described below, the Port proposes to issue $60 million in Infrastructure Financing District (IFD) tax increment bonds to help pay for substructure repairs and seismic upgrades. These repairs and seismic work are currently estimated to cost $118.3 million.

**Port Infrastructure Financing District (IFD)**

The State recently adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful tool for the Port because it does not require a blight finding or require a set-aside of a portion of the tax increment for affordable housing. The Port anticipates having a total of $265 million in IFD Bond funds available for a variety of projects, including Piers 27-31 project, Pier 70 Improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. The Port has identified the Agriculture Building, and Piers 33 and 35 as private-public development candidates for which it is analyzing whether to include IFD Bond funds.

**Infrastructure Finance District Bond Projects**

| Project | Tax Increment IFD Bond | Additional SWL337 Tax Increment IFD Bond | Total IFD Bond Funding |
|---|---|---|---|
| Piers 27-31 | $60,000,000 | - | $60,000,000 |
| Pier 70 – Infrastructure | 40,000,000 | - | 40,000,000 |
| Pier 70 – Environmental | 30,000,000 | - | 30,000,000 |
| Pier 70 – Open Space | 20,000,000 | - | 20,000,000 |
| Pier 70 – Piers and Wharves | 50,000,000 | - | 50,000,000 |
| Pier 70 – UIW Building | - | $45,000,000 | 45,000,000 |
| Islais Creek | - | 4,000,000 | 4,000,000 |
| Blue Greenway | - | 16,000,000 | 16,000,000 |
| **Total** | **$200,000,000** | **$65,000,000** | **$265,000,000** |

***Piers 27-31:*** As noted above, the Port proposes to issue $60 million in IFD bonds to help pay for substructure repairs and seismic upgrades, currently estimated to cost $118.3 million.

***Pier 70 Improvements (Southern Waterfront):*** The Capital Plan identifies a total of $497 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront. Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of the Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, most of the 35 buildings on the site are not used; only a few are leased.

The Port is creating a viable master plan that includes: 1) a survey of the historic resources and development of preservation options, and 2) an economic and planning feasibility analysis with development options for Pier 70. We expect to complete this master plan by May 2008 and to issue a development RFP for Pier 70 by the summer of 2008.

The project envisions bringing most, but not all, of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

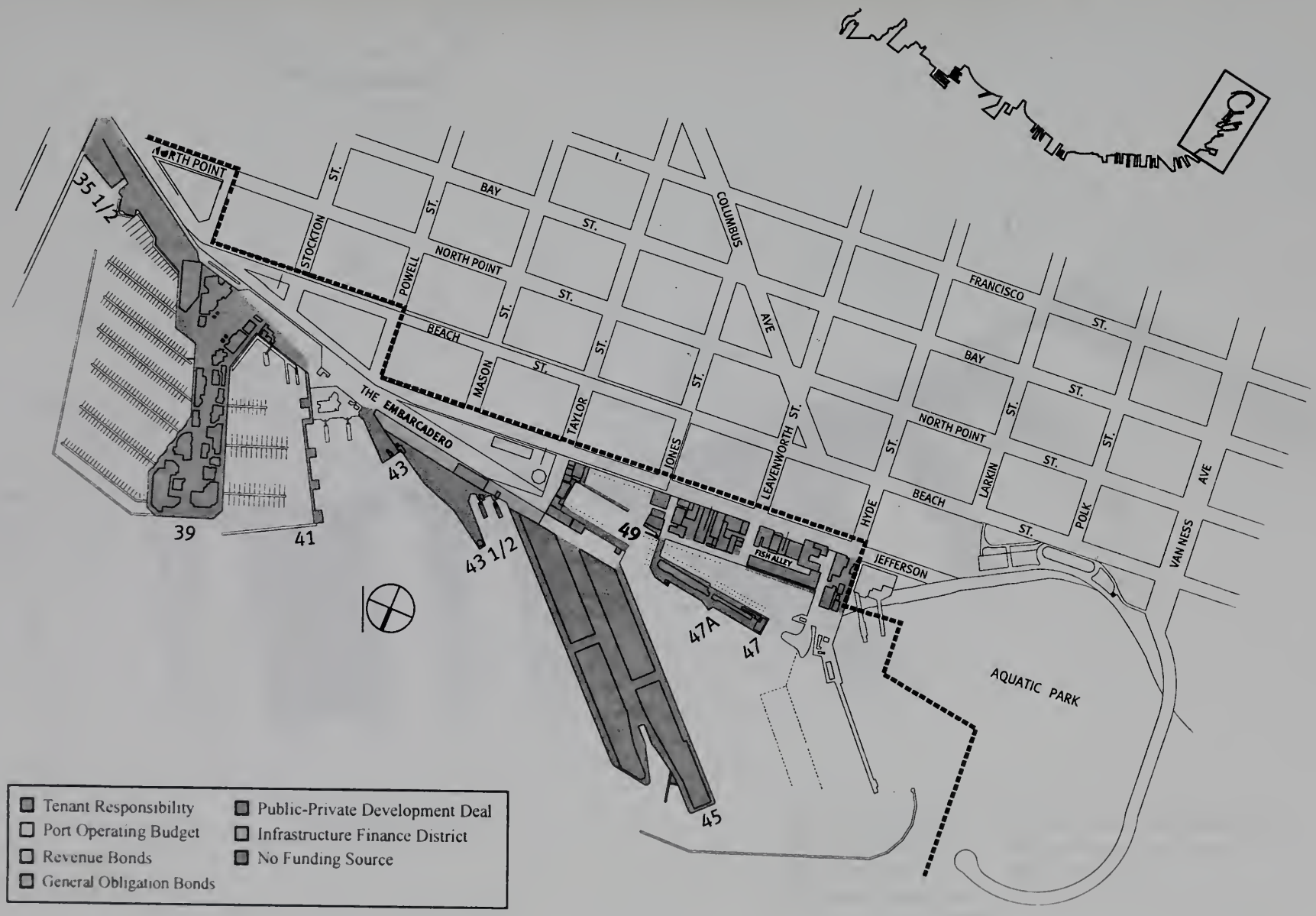
The Port's 10-year capital plan programs $140 million in IFD Bond funds to cover Pier 70 campus infrastructure costs, which consist of $40 million to construct streets, sewers, water mains, sidewalks, and street lighting, approximately $30 million to conduct environmental clean-up, $20 million to make needed open space improvements, and $50

million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest public funds in the project.

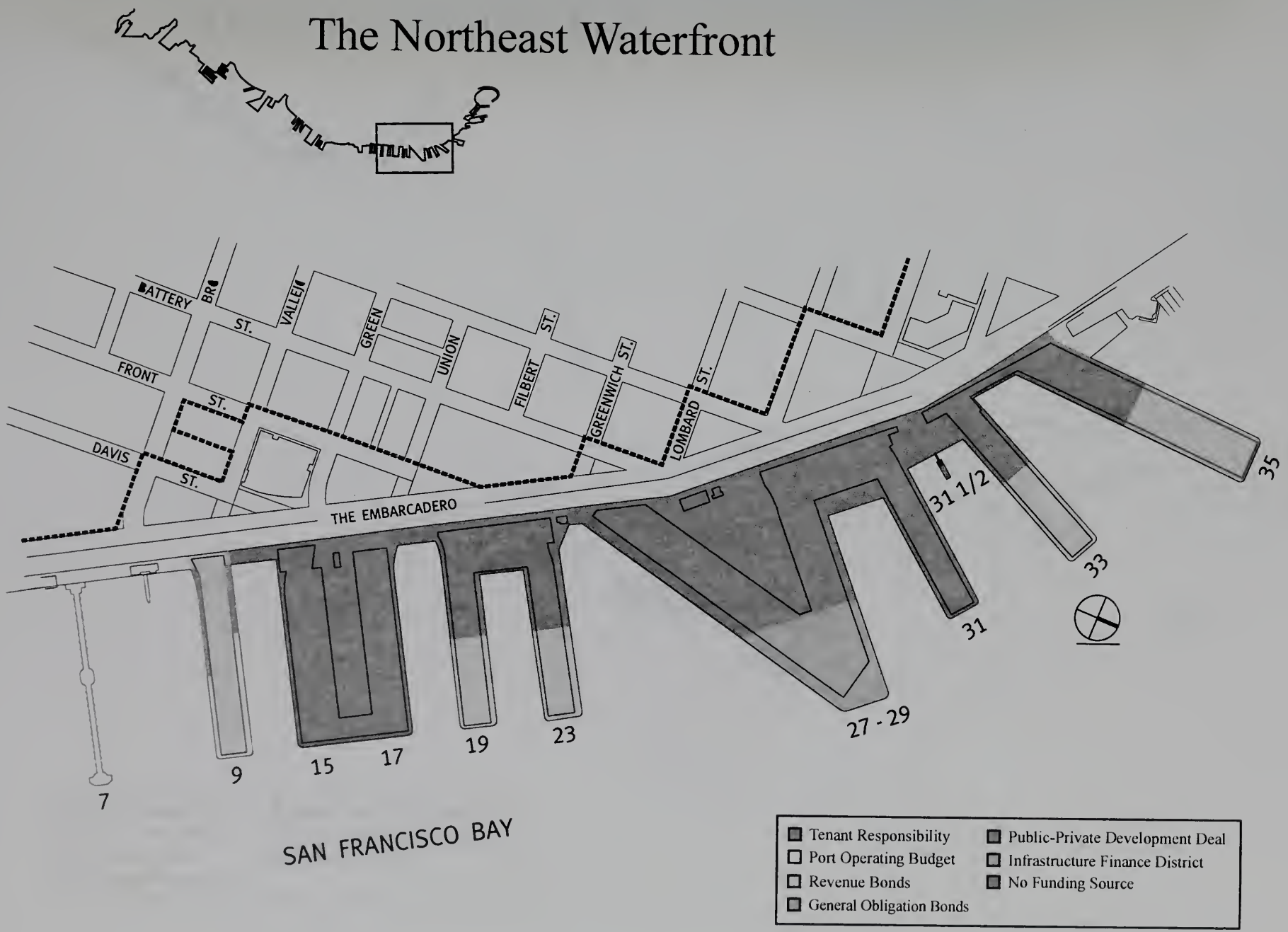
The Port is anticipating programming an additional $45 million in IFD bonds from the tax increment generated by the Seawall Lot (SWL) 337 to restore Pier 70's flagship structure, the Union Iron Works Building, for a future public use. As previously noted, the Port recently issued an RFQ to develop SWL 337 as a mixed use development. Assuming the Port successfully secures a development partner, development of SWL 337 should be completed by 2013. At that time, the development should generate approximately $6 million annually in possessory tax increment[3] to the IFD that would leverage $65 million in bond funds.

[3] This $6 million in tax increment revenues is in addition to (and corresponds to) the baseline expectation of $6 million in lease revenue growth anticipated from SWL 337. The Port has programmed lease revenue bond funds to several projects previously discussed in this report.

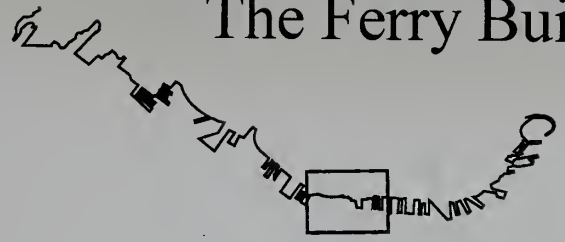
# Fisherman's Wharf

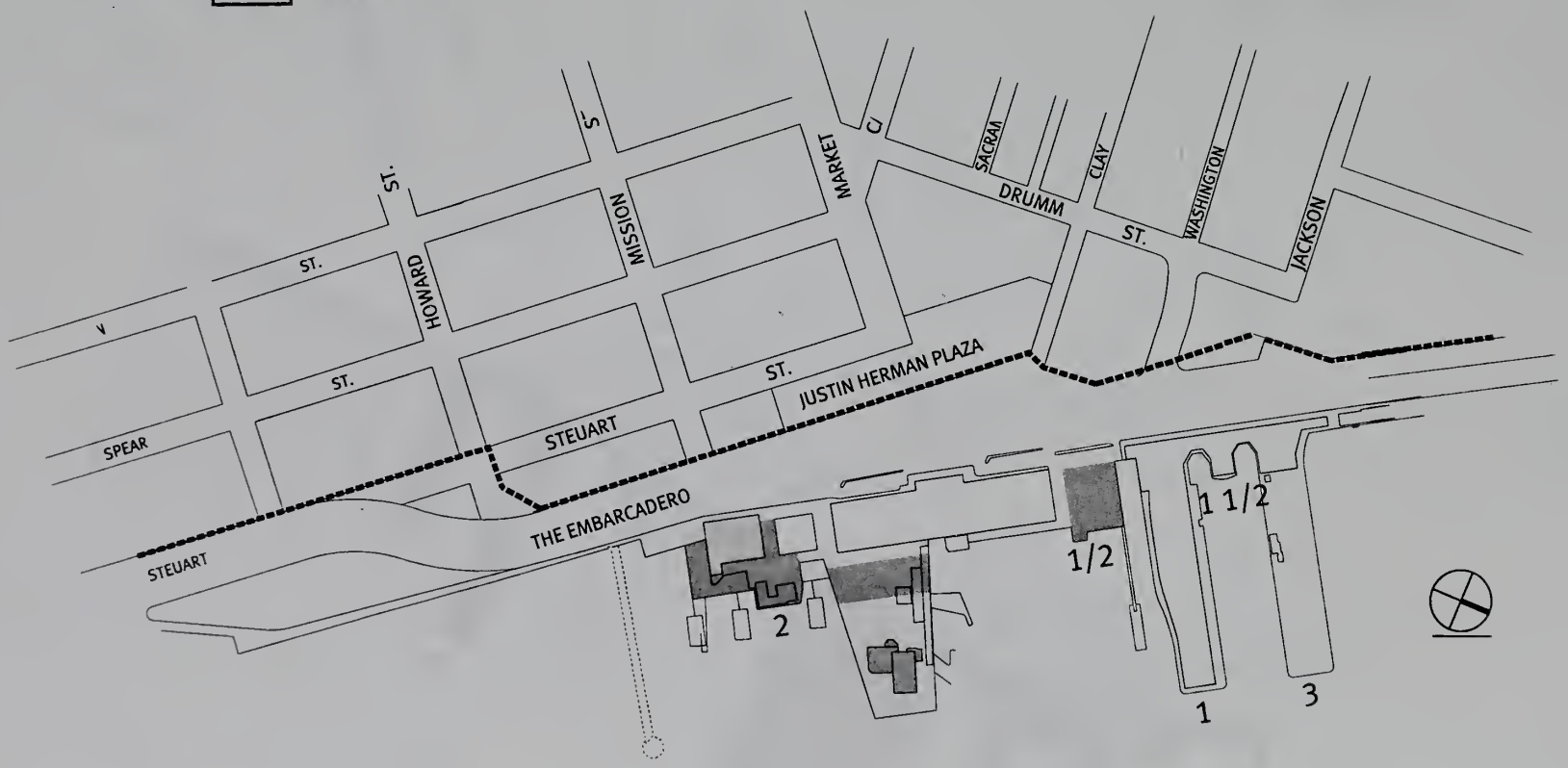


# The Northeast Waterfront



# The Ferry Building Area

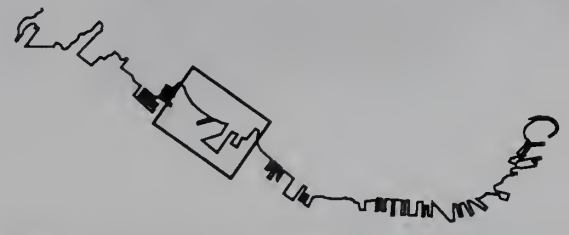


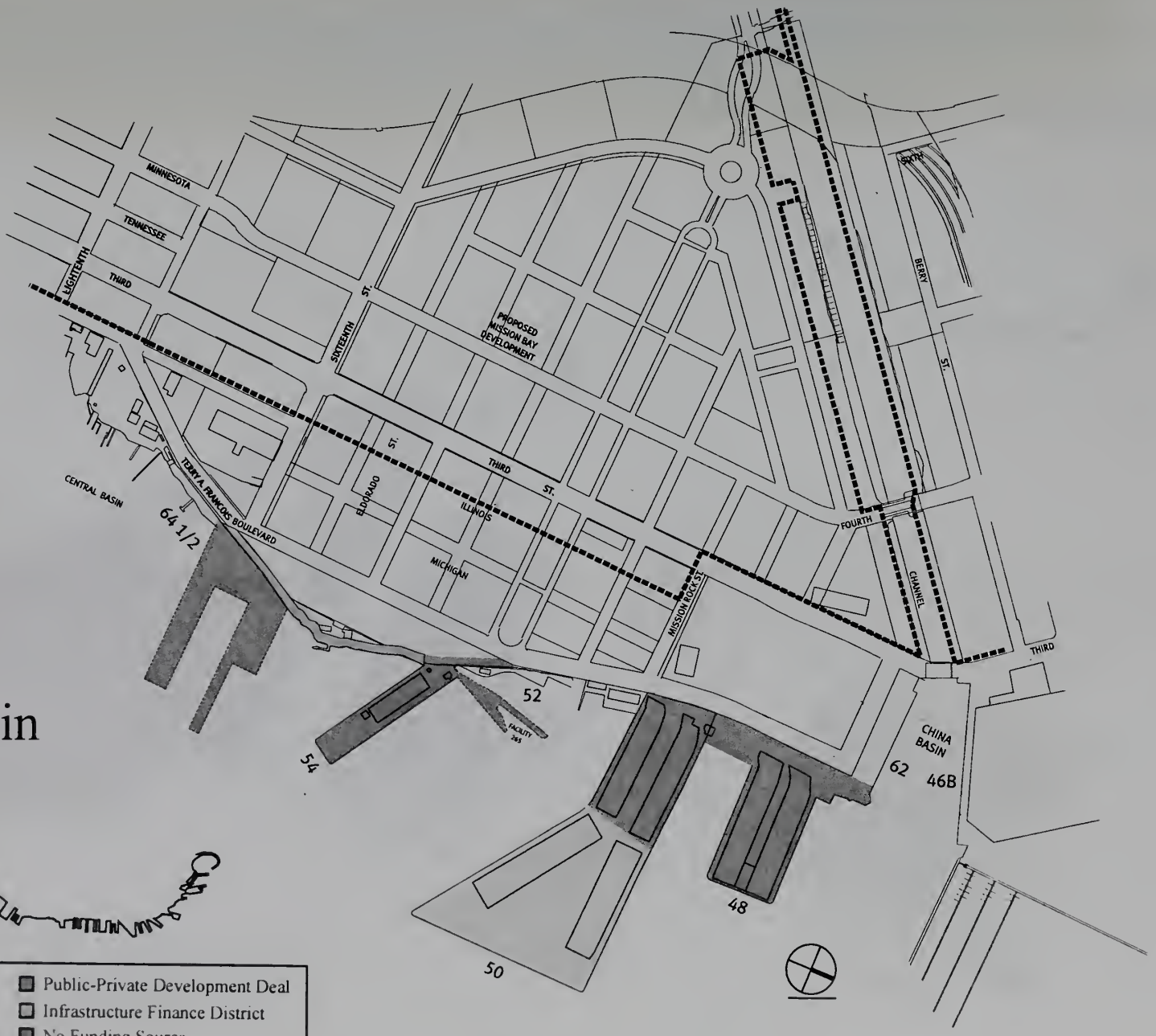



- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- General Obligation Bonds
- Public-Private Development Deal
- Infrastructure Finance District
- No Funding Source

South Beach
CHINA BASIN
62
46B
KING
TOWNSEND
SECOND
BRANNAN
DELANCY
BRYANT
FREMONT
FOLSOM
HARRISON
BEALE
1ST.
MAIN
SPEAR
STEUART
THE EMBARCADERO
40
38
36
32
30
28
26
24
22 1/2
Tenant Responsibility
Port Operating Budget
Revenue Bonds
General Obligation Bonds
Public-Private Development Deal
Infrastructure Finance District
No Funding Source

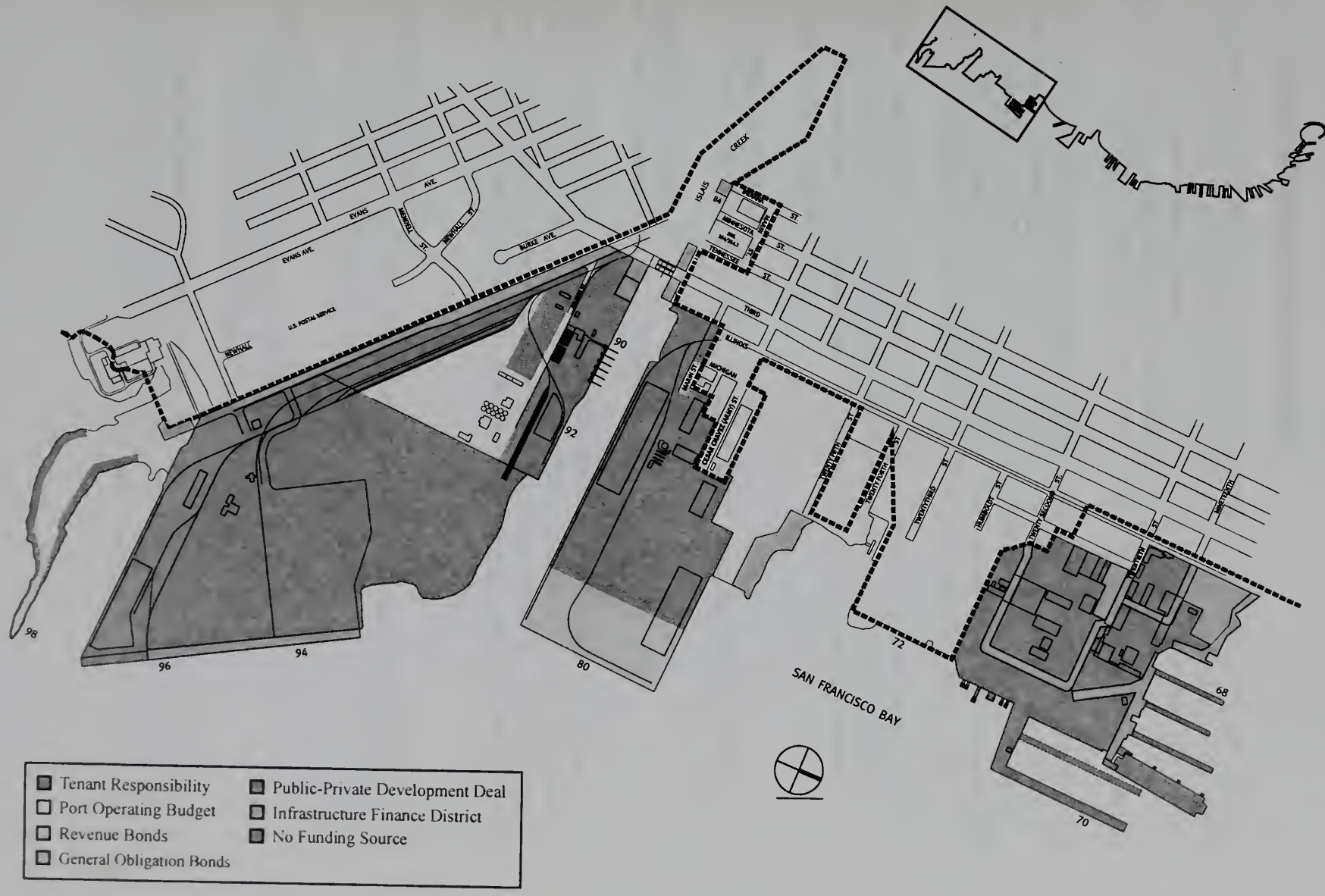
# China Basin






- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- General Obligation Bonds
- Public-Private Development Deal
- Infrastructure Finance District
- No Funding Source

# The Southern Waterfront



## V. SWL 337 Alternate Funding Scenarios

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result in 1) new lease revenues which will allow the Port to revenue-bond for an annual amount of $6 million, as well as 2) an increased value to the property, which will allow the Port to bond via the IFD for an additional $6 million annually. This assumption would provide the Port with $130 million in total bond funds.

While this is the Port's baseline assumption for this capital plan, Port staff have explored through financial models the possibility of SWL 337 development generating greater revenues. Because generation of lease revenue and increased property value go hand in hand, the Port has considered two scenarios where both increase by the same amount; $8 million in bonding from both sources and $10 million in bonding from both sources.

Under the scenario where the Port realizes $8 million annually from both revenues and the IFD, totaling $170 million in funding from bonds against that revenue (or, $40 million more than the Port's current baseline assumption), the Port would consider directing that funding as follows:

Increased Lease Revenue

- Additional funding to Piers 19-23 - $20 million (for a total of $38.6 million)

Increased IFD Revenue

- Portwide seawall repairs - $20 million

In addition to these projects, under the scenario where the Port realizes $10 million annually from both revenues and the IFD, totaling $210 million in funding from bonds against that revenue ($80 million more than the Port's current baseline, $40 million more than the $8 million scenario), the Port would consider directing that additional funding as follows:

Increased Lease Revenue

- Additional funding to Piers 33 / 35 - $12 million (for a total of $37 million)
- Historic wharf repairs at Fisherman's Wharf - $8 million

Increased IFD Revenue

- Amador Street and Backlands Infrastructure - $15 million
- Pier 52 Historic Rail Ferry Repairs - $5 million

While the Port maintains its current baseline, the number and magnitude of capital issues that could be addressed with a heavier investment in SWL 337 suggest a clear avenue for future efforts to address the Port's deferred maintenance backlog.

## VI. Unfunded (Deferred) and Emerging Needs

The Port's proposed ten-year capital plan defers a total of $1.1 billion in needs. The most significant deferred projects include the following Port facilities:

**Unfunded Projects**

| Region | Port Facility | Unfunded Portion to Repair & Seismically Upgrade |
|---|---|---|
| South Beach | Pier 26, office and warehouse space, pier substructure | $46,300,000 |
| | Pier 28, office and warehouse space, pier substructure | 31,000,000 |
| | Pier 38, maritime recreation facility near South Beach Harbor | 46,900,000 |
| China Basin | Pier 50, Shed D, the Port's Maintenance Facility, pier substructure | 17,200,000 |
| | Pier 48, currently parking and special events and storage for the Department of Elections | 12,600,000 |
| | Pier 54, office and warehouse space, pier substructure | 38,400,000 |
| Southern Waterfront | Pier 70 Campus, contains a vast array of historic structures | 297,000,000 |
| | Pier 80 Cargo Facility | 69,700,000 |

**Funding Options for Deferred Projects**

(a) ***Grant Funds*** – The Port may be able to secure grant funding for the rail tunnel notches and Quint Street improvements through the State's Proposition 1B Infrastructure Bond funds but not to help upgrade its facilities.

(b) ***Public/Private Partnerships*** – The Port believes Pier 33, Pier 35, Pier 26, Pier 48, and Pier 70 are good candidates for future development projects. The Port has issued an RFQ for SWL 337 development that could include Pier 48. However, it has not issued RFPs for the remaining piers nor has it secured approvals from various state agencies such as State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.

(c) ***No Identified Funding Options*** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay

## VII. Conclusions

The Port's first 10-Year Capital Plan in Spring 2006 demonstrated the magnitude of the Port's financial challaneges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting "public trust" use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A in Mission Bay – is approximately 14 acres.

Development of a portion of Lot A free of public trust use restrictions promises to yield the most significant increase in rental income and capital investment the Port has seen in many years. SB 815 requires that net proceeds from leasing be spent on preservation of historic resources on Port property or waterfront open space pursuant to the Bay Conservation and Development Commission (BCDC) Special Area Plan for the San Francisco Waterfront.

The combination of these tools (SB 1085 and SB 815) will allow the Port to leverage development of Lot A into improvements throughout the waterfront. Consensus regarding the final development plan for Lot A and an expenditure plan for a Southern Waterfront Infrastructure Financing District (including Lot A) will yield these improvements as early as FY 2013-14.

In an historic first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No), meaning that $33.5 million in waterfront open space projects approved by the Port Commission in the FY 2007-08 Capital Plan are, indeed, funded.

In 2005, the Port's Capital Plan seemed like (at best) a decades-long solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. Suddenly, it appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers within the next five years.

There are still considerable issues to be addressed in the Pier 70 area and other areas around the City's waterfront. However, the Port's newfound ability to utilize these new

public resources constitutes a real beginning on the road to a financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to develop plans for financing a new Cruise Terminal. We know that the State of California needs to begin contributing to its interests, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government likewise has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels. And the Port needs the support of the City's elected family to enact some of the financing strategies described in the FY 2008-09 Capital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

# Appendix A

In Thousands

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 0 | Leased Piers | Port Wide | | | $0 | $36,000 | | | $36,000 |
| 0 | Equipment | Basic | | | $0 | $0 | $8,227 | $0 | $8,227 |
| 0 | Port-wide Projects | Port Wide | | | $0 | $236,362 | $4,371 | $0 | $240,733 |
| 1001 | Downtown Ferry Terminal | Basic | 12,830 | $4,096 | $586 | $0 | $31,204 | $0 | $31,790 |
| 1005 | Pier 1/2 | Piers | 25,641 | $6,891 | $675 | $0 | $1,868 | $0 | $2,543 |
| 1010 | Pier 1 | Piers | 126,060 | $33,879 | $0 | $68 | | | $68 |
| 1010 | Pier 1 - Office Building | Basic | 151,563 | $62,436 | $0 | $2,160 | | | $2,160 |
| 1015 | Pier 1 1/2 - Bulkhead/Shed Building | Basic | 15,444 | $6,362 | $0 | $0 | | | $0 |
| 1020 | Pier 2 | Piers | 54,040 | $14,523 | $3,573 | $0 | $1,705 | $0 | $5,278 |
| 1030 | Pier 3 | Piers | 112,074 | $30,120 | $6,539 | $0 | $5,059 | $0 | $11,598 |
| 1030 | Pier 3 - Bulkhead/Shed Building | Basic | 24,950 | $10,278 | $0 | $0 | | | $0 |
| 1055 | Pier 5 1/2 - Bulkhead Building | Basic | 18,303 | $7,540 | $0 | $0 | | | $0 |
| 1070 | Pier 7 Public Pier | Piers | 31,300 | $8,412 | $0 | $0 | | | $0 |
| 1075 | Pier 7 - The Waterfront Restaurant | Basic | 6,054 | $1,933 | $108 | $250 | $138 | $0 | $496 |
| 1075 | Pier 7 1/2 | Piers | 21,200 | $5,698 | $0 | $0 | | | $0 |
| 1090 | Pier 9 | Piers | 129,522 | $34,809 | $9,872 | $0 | $8,170 | $0 | $18,042 |
| 1090 | Pier 9 Bulkhead/Shed Building | Basic | 128,657 | $53,000 | $7,705 | $2,770 | $2,916 | $0 | $13,392 |
| 1095 | Pier 9 1/2 | Piers | 8,398 | $2,257 | $644 | $0 | $530 | $0 | $1,174 |
| 1150 | Pier 15 | Piers | 202,986 | $54,552 | $13,687 | $109 | $12,804 | $0 | $26,601 |
| 1150 | Pier 15 - Bulkhead/Shed Building | Simple | 139,467 | $22,981 | $2,492 | $523 | $3,162 | $0 | $6,176 |
| 1155 | Pier 15/17 - Office on Marginal Wharf | Small | 1,576 | $201 | $0 | $0 | | | $0 |
| 1155 | Pier 15/17 Valley - demolition | Piers | 105,311 | $28,302 | $7,350 | $0 | | | $7,350 |
| 1170 | Pier 17 | Piers | 138,970 | $37,348 | $6,629 | $81 | $8,767 | $0 | $15,477 |
| 1170 | Pier 17 - Shed Building | Simple | 117,001 | $19,279 | $2,590 | $439 | $2,653 | $0 | $5,682 |
| 1175 | Pier 17 1/2 | Piers | 6,242 | $1,678 | $1,197 | $0 | $393 | $0 | $1,591 |
| 1190 | Pier 19 | Piers | 124,864 | $33,557 | $7,322 | $0 | $7,877 | $0 | $15,199 |
| 1190 | Pier 19 - Bulkhead/Shed Building | Simple | 94,005 | $15,490 | $931 | $352 | $2,223 | $0 | $3,507 |
| 1195 | Pier 19 1/2 | Piers | 37,289 | $10,021 | $4,291 | $0 | $2,352 | $0 | $6,643 |
| 1195 | Pier 19 1/2 - Bulkhead/Shed | Simple | 43,200 | $7,118 | $345 | $296 | $994 | $0 | $1,636 |
| 1225 | Pier 22 1/2 | Piers | 13,144 | $3,532 | $1,915 | $7 | $829 | $0 | $2,751 |
| 1225 | Pier 22 1/2 - Fire Station | Basic | 4,960 | $2,043 | $413 | $148 | $113 | $0 | $674 |
| 1225 | Pier 22 1/2 - Maintenance / Recreation | Small | 1,974 | $252 | $0 | $0 | | | $0 |
| 1230 | Pier 23 | Piers | 132,936 | $35,727 | $5,098 | $0 | $8,386 | $0 | $13,484 |
| 1230 | Pier 23 - Bulkhead/Shed Building | Simple | 100,567 | $16,571 | $1,117 | $566 | $2,280 | $0 | $3,962 |
| 1235 | Pier 23 1/2 | Piers | 6,171 | $1,658 | $2,367 | $0 | $389 | $0 | $2,756 |
| 1235 | Pier 23 1/2 Pier 23 Cafe | Small | 1,646 | $210 | $0 | $0 | | | $0 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1245 | Pier 24 1/2 | Piers | 32,378 | $8,702 | $3,643 | $0 | $2,855 | $0 | $6,499 |
| 1245 | Pier 24 1/2 -Bulkhead/Shed Building | Simple | 28,000 | $4,614 | $507 | $0 | $635 | $0 | $1,143 |
| 1260 | Pier 26 | Piers | 156,589 | $42,083 | $12,457 | $0 | $28,437 | $0 | $40,894 |
| 1260 | Pier 26 - Bulkhead/Shed | Simple | 128,834 | $21,229 | $1,747 | $722 | $2,921 | $0 | $5,390 |
| 1265 | Pier 26 1/2 | Piers | 31,400 | $8,439 | $2,745 | $0 | $2,213 | $0 | $4,959 |
| 1265 | Pier 26.5 - Bulkhead | Basic | 27,300 | $11,246 | $997 | $1,082 | $619 | $0 | $2,699 |
| 1270 | Pier 27 | Piers | 420,690 | $113,060 | $418 | $361 | $36,746 | $0 | $37,525 |
| 1270 | Pier 27 - Office Annex | Small | 3,552 | $454 | $0 | $490 | | | $490 |
| 1270 | Pier 27 Shed Building | Simple | 215,558 | $27,529 | $2,133 | $2,478 | $2,310 | $0 | $6,921 |
| 1280 | Pier 28 | Piers | 104,896 | $28,191 | $8,001 | $0 | $19,210 | $0 | $27,211 |
| 1280 | Pier 28 - Bulkhead/Shed Building | Simple | 77,088 | $12,702 | $1,764 | $231 | $1,748 | $0 | $3,743 |
| 1285 | Pier 28 1/2 | Piers | 4,738 | $1,273 | $545 | $0 | $299 | $0 | $844 |
| 1285 | Pier 28 1/2 - Hidive Restaurant | Small | 1,307 | $167 | $0 | $180 | | | $180 |
| 1290 | Pier 29 | Piers | 225,374 | $60,569 | $14,634 | $0 | $15,257 | $0 | $29,891 |
| 1290 | Pier 29 - *Bulkhead/Shed Building | Simple | 155,279 | $25,587 | $3,537 | $349 | $3,521 | $0 | $7,407 |
| 1295 | Pier 29 1/2 - Bulkhead Building | Simple | 52,650 | $8,676 | $1,067 | $118 | $1,193 | $0 | $2,378 |
| 1310 | Pier 31 | Piers | 128,785 | $34,611 | $9,435 | $0 | $13,430 | $0 | $22,865 |
| 1310 | Pier 31 - Bulkhead/Shed Building | Simple | 95,375 | $15,716 | $2,351 | $936 | $2,161 | $0 | $5,448 |
| 1315 | Pier 31 1/2 | Piers | 38,549 | $10,360 | $2,958 | $0 | $2,432 | $0 | $5,389 |
| 1320 | Pier 30 and 32 | Piers | 542,657 | $145,839 | $20,811 | $97 | $52,678 | $0 | $73,586 |
| 1325 | Pier 32 1/2 Marginal Wharf (Brannon St) | Piers | 9,771 | $2,626 | $0 | $0 | $23,005 | $0 | $23,005 |
| 1330 | Pier 33 | Piers | 136,810 | $36,768 | $5,247 | $0 | $8,746 | $0 | $13,993 |
| 1330 | Pier 33 - Bulkhead/Shed Building | Simple | 112,840 | $18,594 | $2,312 | $423 | $2,021 | $0 | $4,756 |
| 1335 | Pier 33 1/2 - Bulkhead Building | Basic | 16,452 | $6,777 | $1,232 | $509 | $373 | $0 | $2,115 |
| 1350 | Pier 35 - Bulkhead/Shed Building | Basic | 169,976 | $70,021 | $4,040 | $12,568 | $4,144 | $0 | $20,753 |
| 1350 | Pier 35 Cruise Terminal | Piers | 210,225 | $56,498 | $12,195 | $112 | $14,431 | $0 | $26,738 |
| 1355 | Pier 35 1/2 | Piers | 67,270 | $18,079 | $0 | $0 | $4,168 | $0 | $4,168 |
| 1360 | Pier 36 (to be demolished) | Piers | 138,803 | $37,303 | $112 | $0 | | | $112 |
| 1360 | Pier 36 - Bulkhead Building/Shed | Simple | 36,050 | $5,940 | $785 | $81 | $817 | $0 | $1,683 |
| 1380 | Pier 38 | Piers | 150,030 | $40,321 | $29,013 | $0 | $13,063 | $0 | $42,076 |
| 1380 | Pier 38 - Bulkhead/Shed Building | Simple | 111,220 | $18,327 | $250 | $2,044 | $2,522 | $0 | $4,816 |
| 1385 | Pier 38 1/2 | Piers | 6,600 | $1,774 | $506 | $0 | $416 | $0 | $922 |
| 1390 | Pier 39 - Retail Shops | Basic | 261,972 | $83,641 | $3,346 | $12,061 | $5,939 | $0 | $21,346 |
| 1390 | Pier 39 - Underwater World | Basic | 18,900 | $6,034 | $0 | $406 | | | $406 |
| 1400 | Pier 40 | Piers | 96,456 | $25,923 | $17,031 | $0 | $8,399 | $0 | $25,430 |
| 1400 | Pier 40 - Shed Building | Simple | 46,063 | $7,590 | $215 | $245 | $1,044 | $0 | $1,503 |
| 1400 | Pier 40 Restaurant & Robert Steck Chandelry | Basic | 3,990 | $1,644 | $0 | $211 | $182 | $0 | $393 |
| 1405 | Pier 40 1/2 (S Beach Harbor Wharf) | Piers | 58,308 | $15,670 | $2,236 | $0 | $368 | $0 | $2,604 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1405 | Pier 40 1/2 - Java House | Small | 1,104 | $141 | $0 | $0 | | | $0 |
| 1415 | Pier 41 1/2 - Blue&Gold Bldg. | Basic | 14,793 | $4,723 | $0 | $412 | $335 | $0 | $747 |
| 1430 | Pier 43 | Piers | 15,470 | $4,158 | $90 | $0 | $244 | $0 | $334 |
| 1430 | Pier 43 - Arch | Small | 1,500 | $192 | $0 | $207 | | | $207 |
| 1435 | Pier 43 1/2 | Piers | 131,513 | $35,344 | $1,767 | $0 | $12,569 | $0 | $14,336 |
| 1435 | Pier 43 1/2 - Franciscan Restaurant | Basic | 14,330 | $4,575 | $183 | $660 | $325 | $0 | $1,167 |
| 1435 | Pier 43 1/2 - Red & White Tours | Small | 425 | $54 | $0 | $0 | | | $0 |
| 1435 | Pier 43 1/2 - Taits/Patio Sandwhich Shop | Small | 707 | $90 | $0 | $45 | | | $45 |
| 1450 | Pier 45 | Piers | 284,473 | $76,452 | $1,093 | $1,034 | $140 | $0 | $2,267 |
| 1450 | Pier 45 - Shed A | Simple | 72,580 | $11,960 | $426 | $1,131 | $2,110 | $0 | $3,667 |
| 1450 | Pier 45 - Shed B | Simple | 72,963 | $12,023 | $428 | $1,137 | $1,654 | $0 | $3,219 |
| 1450 | Pier 45 - Shed C | Simple | 74,311 | $12,245 | $492 | $465 | $4,491 | $0 | $5,449 |
| 1450 | Pier 45 - Shed D | Simple | 65,928 | $10,863 | $387 | $1,076 | $1,494 | $0 | $2,958 |
| 1461 | Pier 46B China Basin Ferry Terminal | Piers | 100,000 | $26,875 | $739 | $0 | $8,214 | $0 | $8,953 |
| 1470 | Pier 47 - Guardinos Storage Bldg | Small | 768 | $98 | $0 | $0 | | | $0 |
| 1470 | Pier 47 - Scoma / Fish Prep Bldg | Small | 713 | $91 | $0 | $46 | | | $46 |
| 1470 | Pier 47 - Scoma Storage Bldg | Small | 1,247 | $159 | $0 | $0 | | | $0 |
| 1470 | Pier 47 - Scomas Restaurant | Basic | 11,001 | $3,512 | $0 | $299 | $282 | $0 | $580 |
| 1470 | Pier 47 - Scomas Storage Shed | Small | 270 | $34 | $0 | $17 | | | $17 |
| 1470 | Pier 47 - Wharf J6, J7, J8 | Piers | 55,835 | $15,006 | $1,627 | $659 | $3,522 | $0 | $5,808 |
| 1470 | Pier 47 WF Albert Seafoods Proc Bldg | Simple | 6,525 | $833 | $92 | $19 | $148 | $0 | $259 |
| 1480 | Pier 48 | Piers | 250,747 | $67,388 | $6,766 | $1,305 | $1,233 | $0 | $9,303 |
| 1480 | Pier 48 - Shed A | Simple | 84,649 | $13,948 | $1,421 | $181 | | | $1,602 |
| 1480 | Pier 48 - Shed B | Simple | 86,954 | $14,328 | $1,459 | $186 | | | $1,645 |
| 1485 | Pier 48 1/2 - Jellys restaurant | Small | 3,657 | $467 | $0 | $0 | | | $0 |
| 1490 | Pier 49 - Aliotos Restaurant (Wharf J-1) | Basic | 12,093 | $3,861 | $0 | $591 | $274 | $0 | $865 |
| 1490 | Pier 49 - Fishermans Grotto No. 9 (Wharf J-1) | Basic | 18,796 | $6,001 | $0 | $948 | $426 | $0 | $1,374 |
| 1490 | Pier 49 - Fishermans Memorial Chapel | Small | 1,002 | $128 | $0 | $0 | | | $0 |
| 1490 | Pier 49 - Guardinos (Wharf J-1) | Small | 1,040 | $133 | $0 | $66 | | | $66 |
| 1490 | Pier 49 - Sabella & Latorre (Wharf J-1) | Small | 2,840 | $363 | $0 | $181 | | | $181 |
| 1490 | Pier 49 - Tarantinos Restaurant (Wharf J-1) | Basic | 7,153 | $2,284 | $0 | $194 | $162 | $0 | $356 |
| 1490 | Pier 49 - The Crab Station (Wharf J-1) | Small | 480 | $61 | $0 | $31 | | | $31 |
| 1490 | Pier 49 Nicks Lighthouse (Wharf J-1) | Small | 2,238 | $286 | $0 | $0 | | | $0 |
| 1490 | Wharfs J-1 and J-3 (Pier 49) | Piers | 59,210 | $15,913 | $0 | $699 | $2,689 | $0 | $3,388 |
| 1500 | Pier 50 | Piers | 438,696 | $117,900 | $24,819 | $1,522 | $16,080 | $0 | $42,421 |
| 1500 | Pier 50 - Shed A | Simple | 74,516 | $12,279 | $1,255 | $813 | $1,690 | $0 | $3,758 |
| 1500 | Pier 50 - Shed B | Simple | 75,592 | $12,456 | $1,131 | $0 | $1,714 | $0 | $2,845 |
| 1500 | Pier 50 - Shed C | Simple | 91,179 | $15,024 | $1,234 | $416 | $2,059 | $0 | $3,709 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 1500 | Pier 50 - Shed D | Simple | 104,826 | $17,273 | $1,222 | $885 | $2,633 | $0 | $4,740 |
| 1505 | Pier 50 1/2 | Piers | 4,806 | $1,292 | $0 | $0 | $303 | $0 | $303 |
| 1520 | Pier 52 | Piers | 30,200 | $8,116 | $0 | $0 | $3,483 | $0 | $3,483 |
| 1540 | Pier 54 | Piers | 114,632 | $30,807 | $26,386 | $0 | $10,457 | $0 | $36,843 |
| 1540 | Pier 54 - Office Bldg | Small | 3,344 | $427 | $461 | $0 | | | $461 |
| 1540 | Pier 54 - Oil Shed | Small | 798 | $102 | $110 | $0 | | | $110 |
| 1540 | Pier 54 - Shed Building | Simple | 24,636 | $4,059 | $340 | $0 | $559 | $0 | $899 |
| 1540 | Pier 54 - Storage Shed | Small | 266 | $34 | $0 | $37 | | | $37 |
| 1600 | Pier 60 - Wharf - wood piles | Piers | 6,447 | $1,733 | $939 | $0 | $406 | $0 | $1,346 |
| 1600 | Pier 60 - Wharf Carmens Restaurant | Small | 1,732 | $221 | $111 | $0 | | | $111 |
| 1620 | Third Street Bridge House | Small | 322 | $41 | $0 | $0 | | | $0 |
| 1640 | Pier 64 | Piers | 1,000 | $269 | $2,322 | $0 | $1,506 | $0 | $3,828 |
| 1645 | Pier 64 1/2 Kelly Mission Rock Resort Restnt | Basic | 10,000 | $3,193 | $0 | $0 | | | $0 |
| 1680 | Pier 68 | Piers | 176,764 | $47,505 | $6,109 | $33,254 | $22,185 | $0 | $61,548 |
| 1680 | Pier 70 - Pier 68 - Bathrooms Bldg. #141 | Small | 800 | $102 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #5 | Small | 600 | $77 | $83 | $0 | | | $83 |
| 1680 | Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30 | Small | 4,686 | $598 | $0 | $647 | | | $647 |
| 1680 | Pier 70 - Pier 68 - Blast Shed Bldg. #150 | Small | 600 | $77 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Boiler/Steam Power House - #103 | Small | 1,860 | $238 | $0 | $257 | $186 | $0 | $442 |
| 1680 | Pier 70 - Pier 68 - Building #149 | Small | 600 | $77 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38 | Simple | 30,546 | $5,033 | $690 | $0 | $5,169 | $0 | $5,859 |
| 1680 | Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122 | Small | 1 | $0 | $0 | $0 | $152 | $0 | $152 |
| 1680 | Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123 | Small | 1 | $0 | $0 | $0 | $73 | $0 | $74 |
| 1680 | Pier 70 - Pier 68 - Equipment Building #36 | Simple | 12,050 | $1,986 | $229 | $86 | $2,108 | $0 | $2,423 |
| 1680 | Pier 70 - Pier 68 - Machine Shop - Bldg. #105 | Simple | 20,111 | $3,314 | $424 | $38 | $3,396 | $0 | $3,859 |
| 1680 | Pier 70 - Pier 68 - Office Bldg (#127) | Small | 2,304 | $294 | $0 | $0 | | | $0 |
| 1680 | Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #4 | Basic | 11,800 | $4,861 | $1,230 | $0 | $268 | $0 | $1,498 |
| 1680 | Pier 70 - Pier 68 - Office Building #101 | Basic | 56,268 | $23,179 | $5,167 | $519 | $23,638 | $0 | $29,325 |
| 1680 | Pier 70 - Pier 68 - Office Building #104 | Basic | 37,641 | $15,506 | $3,595 | $0 | $16,021 | $0 | $19,617 |
| 1680 | Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111 | Basic | 41,500 | $17,096 | $5,021 | $1,142 | $9,022 | $0 | $15,185 |
| 1680 | Pier 70 - Pier 68 - Ops. Bldg #102 | Basic | 8,428 | $3,472 | $704 | $151 | $769 | $0 | $1,624 |
| 1680 | Pier 70 - Pier 68 - Pipe Rack, Bldg. #120 | Small | 1 | $0 | $0 | $0 | $39 | $0 | $39 |
| 1680 | Pier 70 - Pier 68 - Pipe Storage Bldg #107 | Small | 2,880 | $368 | $0 | $184 | | | $184 |
| 1680 | Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109 | Simple | 82,099 | $13,528 | $778 | $867 | $433 | $0 | $2,079 |
| 1680 | Pier 70 - Pier 68 - Shipwright Building -#108 | Basic | 46,638 | $19,212 | $5,087 | $215 | $9,209 | $0 | $14,511 |
| 1680 | Pier 70 - Pier 68 - Steel Shop Office (bldg #121) | Small | 615 | $79 | $0 | $85 | | | $85 |
| 1680 | Pier 70 - Pier 68 - Substation #4 (bldg #58) | Small | 820 | $105 | $0 | $113 | $121 | $0 | $234 |
| 1680 | Pier 70 - Pier 68 - Substation #6, Bldg. #64 | Small | 2,000 | $255 | $276 | $0 | $867 | $0 | $1,143 |

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|---|---|---|---|---|---|---|---|---|---|
| 1680 | Pier 70 - Pier 68 - Substation #7 (bldg #68) | Small | 1,440 | $184 | $0 | $199 | $67 | $0 | $266 |
| 1680 | Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #4 | Simple | 10,000 | $1,648 | $80 | $109 | $21 | $0 | $210 |
| 1680 | Pier 70 - Pier 68 - Yard Washroom, Bldg. #110 | Small | 3,925 | $501 | $542 | $0 | $656 | $0 | $1,197 |
| 1680 | Pier 70 - Pier 68 - Yard Washroom, Bldg. #119 | Small | 1,440 | $184 | $199 | $0 | | | $199 |
| 1680 | Pier 70 - Pier 68 - near checkhouse #2, Building #51 | Small | 400 | $51 | $55 | $0 | | | $55 |
| 1700 | Pier 70 | Piers | 145,644 | $39,142 | $42,708 | $0 | $82,336 | $0 | $125,044 |
| 1800 | Pier 80 | Piers | 376,757 | $101,253 | $7,744 | $2,264 | $52,308 | $0 | $62,316 |
| 1800 | Pier 80 - Entry Canopy | Simple | 11,040 | $1,410 | $81 | $0 | $250 | $0 | $332 |
| 1800 | Pier 80 - Gear & Maintenance Building | Simple | 39,000 | $4,981 | $448 | $125 | $885 | $0 | $1,458 |
| 1800 | Pier 80 - Office Bldg #2 | Small | 1,406 | $180 | $0 | $90 | | | $90 |
| 1800 | Pier 80 - Service Building | Simple | 81,000 | $10,345 | $931 | $1,034 | $703 | $0 | $2,669 |
| 1800 | Pier 80 - Shed A | Simple | 224,328 | $28,649 | $788 | $4,441 | $19,830 | $0 | $25,058 |
| 1800 | Pier 80 - Shed D | Simple | 169,113 | $21,597 | $594 | $3,024 | $3,835 | $0 | $7,452 |
| 1800 | Pier 80 - Terminal Office | Small | 3,552 | $454 | $227 | $0 | | | $227 |
| 1800 | Pier 80 Office Bldg #1 | Small | 1,406 | $180 | $0 | $90 | | | $90 |
| 1840 | Copra Crane | Basic | 2,000 | $824 | $702 | $0 | | | $702 |
| 1900 | Pier 90 | Piers | 133,485 | $35,874 | $9,055 | $0 | | | $9,055 |
| 1900 | Pier 90 - Fire Department Building | Basic | 2,925 | $934 | $63 | $105 | $142 | $0 | $309 |
| 1900 | Pier 90 - Maintenance Bldg | Small | 1,260 | $161 | $0 | $80 | | | $80 |
| 1900 | Pier 90 - Old Powerhouse | Small | 1,576 | $201 | $0 | $0 | | | $0 |
| 1900 | Pier 90 - Storage Bldg | Small | 468 | $60 | $0 | $30 | | | $30 |
| 1900 | Pier 90 - Truck Pits | Small | 1,305 | $167 | $0 | $83 | | | $83 |
| 1920 | Pier 92 | Piers | 141,836 | $38,118 | $3,459 | $0 | | | $3,459 |
| 1940 | Pier 94 - 96 wharf area | Piers | 191,500 | $51,466 | $4,307 | $0 | $12,856 | $0 | $17,163 |
| 1940 | Pier 94 - Wharfside Building | Small | 800 | $102 | $0 | $0 | | | $0 |
| 1960 | Pier 96 - Administration Building | Basic | 15,565 | $4,970 | $780 | $149 | $353 | $0 | $1,282 |
| 1960 | Pier 96 - Bounty Restaurant | Basic | 5,880 | $1,877 | $674 | $30 | $133 | $0 | $838 |
| 1960 | Pier 96 - Entry Canopy | Simple | 10,000 | $1,277 | $51 | $115 | $227 | $0 | $393 |
| 1960 | Pier 96 - Exit Canopy | Simple | 5,950 | $760 | $44 | $68 | $134 | $0 | $246 |
| 1960 | Pier 96 - Flammable Liquids Bldg | Small | 324 | $41 | $21 | $0 | | | $21 |
| 1960 | Pier 96 - Gatehouse Bldg | Small | 2,904 | $371 | $0 | $0 | | | $0 |
| 1960 | Pier 96 - Maintenance Building | Basic | 25,320 | $8,084 | $404 | $129 | $687 | $0 | $1,220 |
| 1960 | Pier 96 - Office/Restroom | Small | 1,716 | $219 | $0 | $110 | | | $110 |
| 1960 | Pier 96 - Recycling/LASH Terminal | Simple | 186,604 | $23,831 | $1,370 | $1,013 | $4,230 | $0 | $6,613 |
| 1960 | Pier 96 - Storage | Small | 1,922 | $245 | $0 | $123 | | | $123 |
| 1960 | Pier 96 - Truck Scales | Small | 500 | $64 | $0 | $32 | | | $32 |
| 1980 | Herons Head Park | Basic | 809,500 | $258,453 | $155 | $0 | $174 | $0 | $329 |
| 2000 | Fac. 2000 - Ferry Plaza | Piers | 126,225 | $33,923 | $488 | $301 | $3,483 | $0 | $4,273 |

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|---|---|---|---|---|---|---|---|---|---|
| 2275 | Pier 27 - Office/Admin Building | Basic | 11,800 | $3,767 | $615 | $196 | $277 | $0 | $1,088 |
| 2500 | Hyde Street Pier - Storage Buildings (3) | Small | 2,000 | $255 | $0 | $0 | | | $0 |
| 2505 | Pier 50 Administration Building | Basic | 15,650 | $6,447 | $1,114 | $473 | $442 | $0 | $2,028 |
| 2740 | Fac. 200 - World Trade Club Restaurant | Basic | 30,048 | $9,594 | $0 | $1,535 | $682 | $0 | $2,217 |
| 2750 | Fac. 274-175 - Ferry Building Clock Tower | Basic | 12,250 | $5,046 | $0 | $175 | $277 | $0 | $452 |
| 2750 | Fac. 274-275 Ferry Building | Basic | 298,488 | $122,961 | $0 | $4,255 | $6,767 | $0 | $11,022 |
| 2750 | Ferry Building: Fac. 274 - 275 | Piers | 122,343 | $32,880 | $0 | $0 | | | $0 |
| 2770 | Pier 2 - Sinbads | Basic | 6,350 | $2,027 | $105 | $548 | $144 | $0 | $797 |
| 2780 | Fac. 278 Agriculture Bldg Substructure | Piers | 38,000 | $10,213 | $4,373 | $0 | $2,397 | $0 | $6,770 |
| 2780 | Fac. 278 Agriculture Building | Basic | 22,186 | $9,139 | $2,355 | $611 | $503 | $0 | $3,469 |
| 2800 | Pier 80 Administration Building | Basic | 44,008 | $14,051 | $2,068 | $2,473 | $1,781 | $0 | $6,322 |
| 3010 | SWL 301 - Andre Boudin Pavilion | Small | 2,945 | $376 | $0 | $0 | $1,393 | $0 | $1,393 |
| 3010 | SWL 301 - Andre Boudin Restaurant | Basic | 10,000 | $3,193 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Alioto Fish Co. | Basic | 15,820 | $5,051 | $0 | $218 | $359 | $0 | $577 |
| 3020 | SWL 302 - Castagnola/Storage Bldg | Small | 1,721 | $220 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Crab Boat Owners Asso. | Basic | 2,717 | $1,119 | $430 | $0 | $61 | $0 | $491 |
| 3020 | SWL 302 - Firewood Cafe | Basic | 4,000 | $1,277 | $0 | $55 | $90 | $0 | $145 |
| 3020 | SWL 302 - Pompeis Grotto | Basic | 4,140 | $1,322 | $0 | $95 | $94 | $0 | $189 |
| 3020 | SWL 302 - Port Harbor Office | Small | 760 | $97 | $0 | $0 | | | $0 |
| 3020 | SWL 302 - Scomas (Smoke House) | Basic | 4,805 | $1,534 | $0 | $0 | $109 | $0 | $109 |
| 3020 | SWL 302 - United Shellfish Warehouse | Small | 2,310 | $295 | $0 | $148 | | | $148 |
| 3020 | SWL 302 Castagnola Rest. | Basic | 14,806 | $4,727 | $0 | $747 | $335 | $0 | $1,082 |
| 3020 | SWL 302 Coast Marine Supply Mat. Storage Bldg | Simple | 20,915 | $2,671 | $0 | $127 | $474 | $0 | $601 |
| 3020 | SWL 302 Costal Marine Retail Space | Small | 3,640 | $465 | $0 | $0 | | | $0 |
| 3020 | SWL 302 D&G Co. d.b.a. Lou Blues | Small | 3,684 | $470 | $0 | $0 | | | $0 |
| 3020 | SWL 302 Franks Fisherman Supply | Basic | 8,183 | $2,613 | $0 | $300 | $186 | $0 | $486 |
| 3020 | SWL 302 Substructure (Wharf J-9) | Piers | 26,427 | $7,102 | $4,188 | $312 | $1,586 | $0 | $6,086 |
| 3020 | SWL 302 United Shellfish Processing | Simple | 1,714 | $219 | $0 | $10 | $39 | $0 | $49 |
| 3020 | Street - Pier 47, Fish Alley, Al Scoma Way | Street | 26,820 | $28,832 | $322 | $0 | | | $322 |
| 3030 | SWL 302 Cal Shell Fish Shed | Small | 1,470 | $188 | $0 | $0 | | | $0 |
| 3030 | SWL 303 - Alioto Fish Co, | Basic | 7,363 | $2,351 | $0 | $205 | $167 | $0 | $372 |
| 3030 | SWL 303 - Cal Shell Fish | Basic | 4,885 | $1,560 | $0 | $231 | $111 | $0 | $342 |
| 3030 | SWL 303 - Cioppinos/(Hoppe) | Basic | 11,442 | $3,653 | $0 | $406 | $259 | $0 | $665 |
| 3030 | SWL 303 - Franceschis Restaurant | Basic | 3,712 | $1,185 | $0 | $101 | $84 | $0 | $185 |
| 3030 | SWL 303 - GP Resources | Small | 416 | $53 | $0 | $27 | | | $27 |
| 3030 | SWL 303 - SP Trantino/Martell Ins | Small | 3,024 | $386 | $0 | $0 | | | $0 |
| 3030 | SWL 303 - The Bay Company, Hoppe, Arthur N. | Basic | 8,339 | $2,662 | $0 | $226 | $189 | $0 | $416 |
| 3030 | Street - Hyde Alley, Fish Alley | Street | 19,900 | $21,393 | $239 | $0 | $174 | $0 | $413 |

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|---|---|---|---|---|---|---|---|---|---|
| 3110 | SWL 311 Pier 39 Garage | Simple | 242,304 | $14,778 | $0 | $464 | $5,493 | $0 | $5,957 |
| 3130 | SWL 313 Embarcadero Triangle Lot Assn. | Simple | 114,900 | $14,674 | $0 | $1,284 | $2,605 | $0 | $3,889 |
| 3150 | SWL 315 Office Bulding (HHC Investment limited) | Basic | 132,316 | $42,245 | $0 | $2,839 | $3,000 | $0 | $5,839 |
| 3150 | SWL 315 Parking Structure | Simple | 153,960 | $9,390 | $0 | $442 | $3,491 | $0 | $3,933 |
| 3160 | SWL 316 Houstons Restaurant | Basic | 12,622 | $4,030 | $0 | $161 | $286 | $0 | $447 |
| 3170 | SWL 317 Office Building | Basic | 145,248 | $46,374 | $0 | $5,157 | $3,293 | $0 | $8,450 |
| 3180 | SWL 318 Roundhouse One | Basic | 20,130 | $8,292 | $0 | $585 | $457 | $0 | $1,042 |
| 3180 | SWL 318 Roundhouse Two | Basic | 27,340 | $8,729 | $1,032 | $912 | $620 | $0 | $2,564 |
| 3180 | SWL 318 Sandhouse | Small | 1,440 | $184 | $0 | $0 | | | $0 |
| 3190 | SWL 319 Fog City Diner | Basic | 4,644 | $1,483 | $0 | $184 | $105 | $0 | $290 |
| 3220 | SWL 322 ABC TV | Basic | 169,620 | $54,155 | $0 | $5,101 | $3,845 | $0 | $8,947 |
| 3300 | SWL 330 Restaurant and Apts. at Towsend | Basic | 75,011 | $23,949 | $0 | $1,609 | $1,701 | $0 | $3,310 |
| 3310 | SWL 331 & 332 Delancey Street Foundation | Basic | 164,000 | $52,361 | $0 | $3,611 | $3,718 | $0 | $7,329 |
| 3430 | SWL 343 Bluepeter Building | Simple | 19,384 | $3,194 | $302 | $58 | $440 | $0 | $799 |
| 3450 | Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boa | Simple | 1 | $0 | $0 | $0 | $1,437 | $0 | $1,437 |
| 3450 | Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office | Small | 2,000 | $255 | $276 | $0 | | | $276 |
| 3450 | SWL 345 - SF Boat Works Office/Shop | Basic | 7,750 | $3,193 | $0 | $393 | $175 | $0 | $568 |
| 3450 | SWL 345 - SF Boat Works Storage/The Ramp | Simple | 6,400 | $817 | $63 | $72 | $145 | $0 | $280 |
| 3490 | Pier 70 - SWL 349 - Auto Yard Shop Bldg #19 | Simple | 6,152 | $1,014 | $166 | $0 | $959 | $0 | $1,125 |
| 3490 | Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. | Simple | 7,734 | $1,274 | $251 | $0 | $1,067 | $0 | $1,318 |
| 3490 | Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #3 | Simple | 9,306 | $1,533 | $302 | $0 | $1,314 | $0 | $1,617 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 3,432 | $438 | $474 | $0 | $609 | $0 | $1,083 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 1,490 | $190 | $0 | $206 | $46 | $0 | $252 |
| 3490 | Pier 70 - SWL 349 - Beth Street Washroom & Locker, B | Small | 3,696 | $472 | $510 | $0 | $723 | $0 | $1,233 |
| 3490 | Pier 70 - SWL 349 - Brass Foundry, Bldg. #115 | Simple | 17,400 | $2,867 | $507 | $0 | $4,750 | $0 | $5,257 |
| 3490 | Pier 70 - SWL 349 - Foundry, Bldg. #116 | Simple | 17,400 | $2,867 | $507 | $0 | $4,750 | $0 | $5,257 |
| 3490 | Pier 70 - SWL 349 - Test Room, Bldg. #23 | Small | 4,356 | $556 | $601 | $0 | $217 | $0 | $818 |
| 3490 | Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114 | Simple | 8,000 | $1,318 | $233 | $0 | $2,165 | $0 | $2,398 |
| 3490 | Pier 70 - SWL 349 Building #6 (condemned) | Simple | 34,707 | $5,719 | $1,076 | $0 | $5,904 | $0 | $6,979 |
| 3490 | Pier 70 - SWL 349 Equipment Bldg - Bldg #14 | Simple | 15,969 | $2,631 | $407 | $0 | $4,552 | $0 | $4,959 |
| 3490 | Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113 | Simple | 74,566 | $12,287 | $2,171 | $0 | $25,071 | $0 | $27,242 |
| 3490 | Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan | Basic | 32,664 | $13,456 | $3,332 | $437 | $7,002 | $0 | $10,771 |
| 3490 | Pier 70 - SWL 349 SF Shipyard Training Bldg 117 | Simple | 30,940 | $5,098 | $567 | $182 | $8,859 | $0 | $9,608 |
| 3490 | Pier 70 - SWL 349 Shop Building - Bldg #21 | Simple | 10,172 | $1,676 | $211 | $0 | $3,133 | $0 | $3,344 |
| 3490 | Pier 70 - SWL 349 Traffic Department Bldg. #12 & #1 | Basic | 78,116 | $32,179 | $6,982 | $0 | $14,861 | $0 | $21,843 |
| 3490 | Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66 | Simple | 22,116 | $3,644 | $578 | $0 | $501 | $0 | $1,079 |
| 3490 | Pier 70 - SWL 349 Warehouse - Bldg.2 | Simple | 96,804 | $17,386 | $1,860 | $375 | $17,241 | $0 | $19,476 |
| 3490 | Pier 70 Master Plan, omnibus soft costs, continegency | | | | | | | $82,000 | $82,000 |

| Facility ID | Projects, by Structure | Building Type | GSF | CRV | Backlog | 10 Year Renewal | Code & Safety One Time Needs | Other One Time Needs | Total |
|---|---|---|---|---|---|---|---|---|---|
| 3520 | SWL 352 - Backlands Redevelopment | Basic | 2,120,275 | $676,951 | $2,120 | $0 | | | $2,120 |
| 4000 | Harbor Office at Hyde Street | Small | 500 | $64 | $0 | $0 | $464 | $0 | $464 |
| 4001 | Street - Hyde N of Jefferson to Hyde St Pier | Street | 16,100 | $17,308 | $193 | $0 | | | $193 |
| 4002 | Street - Jefferson from Leavenworth to Hyde | Street | 7,500 | $8,063 | $104 | $0 | $779 | $0 | $884 |
| 4003 | Street - R.H. Dana Dr. (Leavenworth) N of Jefferso | Street | 9,900 | $10,643 | $119 | $0 | | | $119 |
| 4004 | Street - Jefferson btw Jones and Leavenworth | Street | 7,200 | $7,740 | $100 | $0 | | | $100 |
| 4006 | Street - Taylor Street btw. Jefferson and Embarcader | Street | 13,731 | $14,761 | $246 | $0 | $232 | $0 | $478 |
| 4008 | Street - Embarcadero from Taylor to Powell | Street | 37,680 | $40,506 | $0 | $0 | | | $0 |
| 4017 | Street - Lombard btw Sansome and Embarcadero | Street | 12,005 | $12,905 | $144 | $0 | | | $144 |
| 4020 | Street - Green between Davis and Front | Street | 11,270 | $12,115 | $135 | $0 | | | $135 |
| 4022 | Street - Broadway btw Embarcadero & Vallejo | Street | 33,870 | $36,410 | $406 | $0 | $58 | $0 | $464 |
| 4033 | Street - T. Francois along China Basin | Street | 33,750 | $36,281 | $405 | $0 | | | $405 |
| 4034 | Street - T. Francois btw China Basin and Mission R | Street | 353,300 | $379,798 | $4,239 | $0 | | | $4,239 |
| 4036 | Street - 20th east of Illinois | Street | 30,800 | $33,110 | $370 | $0 | | | $370 |
| 4038 | Street - 24th from Michigan to Maryland | Street | 69,240 | $74,433 | $514 | $0 | $460 | $0 | $974 |
| 4040 | Street - Marin east of Michigan | Street | 11,250 | $12,094 | $135 | $0 | $464 | $0 | $599 |
| 4041 | Street - TN, IN, MN btw Tulare and Marin | Street | 59,050 | $63,479 | $708 | $0 | | | $708 |
| 4043 | Street - Amador and extension | Street | 164,520 | $176,859 | $1,633 | $0 | $14,491 | $0 | $16,124 |
| 5470 | Wharf J-4 | Piers | 6,248 | $1,679 | $910 | $74 | | | $984 |
| 6020 | Freight Yard - Intermodal Container Transfer Facility | Street | 1,012,235 | $1,088,153 | $3,088 | $0 | $24,787 | $0 | $27,876 |
| 5470H | Blue Shed Bldg (Wharf J-11) | Simple | 5,000 | $639 | $10 | $0 | $1,274 | $0 | $1,283 |
| 5470H | Wharf J-11 | Piers | 7,000 | $1,881 | $378 | $0 | | | $378 |
| | TOTALS: | | 18,598,611 | 6,418,863 | 492,553 | 420,019 | 950,405 | 82,000 | **$1,944,990** |

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 20, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Request Approval to Enter Exclusive Negotiations for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc.

**DIRECTOR'S RECOMMENDATION:** Approve the Attached Resolution

## Overview

On October 11, 2007, the Port Commission authorized Port staff to issue a request for proposals ("RFP") for a leasing opportunity for five acres of land at Pier 94, Seawall Lot (SWL 352), to operate a construction materials recycling facility specializing in processing of demolition concrete and related construction materials. In addition to providing lease revenue to the Port, the project will provide a means to process and dispose of approximately 120,000 tons of material abandoned at the site by a former Port tenant ("Existing Stockpile").

On February 12, 2007, Port staff reported the recommendations of its Advisory Panel review and scoring of four proposals submitted by the following firms:

- Raisch Products, Inc. and S.F. Recycling and Disposal Co., Inc., a division of Norcal Waste Systems, Inc. ("Raisch/Norcal");
- Evans Brothers, Inc. ("Evans Brothers");
- Aman Environmental Construction, Inc., a wholly owned subsidiary of URS Corporation ("Aman Environmental"); and
- Granite Construction Company ("Granite Construction").

The Advisory Panel found that the Raisch/Norcal proposal offers a business model that best fits

**THIS PRINT COVERS CALENDAR ITEM NO. 8E**

local market conditions, a superior economic return to the Port, the best environmental compliance record, strong local economic development benefits in the form of local hiring and DBE participation and a unique partnership with deep experience in construction materials recycling. The Advisory Panel's recommendations are included in the Port staff report to the Port Commission provided at its February 12, 2008 meeting.

To address concerns about the financial viability of Raisch Products, the Advisory Panel recommends that the authorization for exclusive negotiations be conditioned upon participation of both Raisch Products and Norcal, with the goal of entering into a lease with both parties (or a formal partnership or joint venture of the two).

Port staff is requesting authorization to enter into exclusive negotiations with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., for a period of one month, with an option to extend the negotiations for a period of up to two additional months at the discretion of the Executive Director, with performance benchmarks described in this report.

**Exclusive Negotiations and Performance Benchmarks**

As provided in the RFP, after evaluation and determination of the most qualified Respondents, Port staff may recommend that the Port Commission authorize staff to enter into an Exclusive Negotiation Agreement ("ENA") with a single Respondent.

Upon Port Commission authorization of exclusive negotiations, the selected Respondent's $10,000 earnest money deposit will be retained by Port for a one-month period plus any extension period of exclusive negotiations. The Port and the Selected Respondent may enter an Exclusive Right to Negotiate Agreement during the period of exclusive negotiations to complete Lease negotiations.

During the period of exclusive negotiations, the following performance benchmarks are anticipated to occur:

- A Lease agreement and related documents for the lease and development of the Site in a final form approved by the City Attorney's Office will be negotiated incorporating specific terms including, but not limited to, the Port's and lessee's responsibilities (including the Scope of Work), the economic parameters, development standards and requirements, insurance policies and a performance schedule (see "Attachment A");

- The selected Respondent will complete its due diligence review of the Site, finalize financial projections, and complete preliminary Site plans; and

- The selected Respondent, with the Port's cooperation, will complete the project approval processes including any required permits and any required supplemental environmental review.

Subject to Port Commission approval of the attached Resolution, the period of exclusive negotiations may be extended solely at the Executive Director's discretion for a period of up to

two additional months. The fee for extending the period for exclusive negotiations will be $5,000 per month, payable in advance of any extension period.

The Respondent will still be required to assume certain risks such as the risk of completing negotiations, the risk of securing all permits, the risk of rising development costs, etc.

**Project Objectives**

The proposed project has the following objectives:

- Provide a high quality construction materials recycling center serving the construction community and the greater San Francisco and Bay Area community, operated utilizing best management practices to achieve state of the art environmental compliance or beyond;
- Promote City policies related to landfill diversion, construction materials recycling, and use of recycled materials in City public works projects;
- Provide for the processing and sales or storage of the Existing Stockpile;
- Maximize Port revenue from the Site;
- Provide employment and contracting opportunities for residents and local businesses; and
- Provide perimeter improvements (such as natural-based stormwater management swales and/or other landscaping improvements) and maintain these improvements to mitigate any impacts of the operation.

**Outreach**

Port staff made a presentation to the Port's Southern Waterfront Advisory Committee (SWAC) about this project on February 20th. The SWAC was supportive of a concrete and asphalt recycling operation at this location and is eager to see the Port address the issue of the existing pile of material. The SWAC asked Port staff to investigate a land use issue at Golden Gate Disposal's 7th and Berry Street location of concern to the Potrero Hill neighborhood with the City Department of Real Estate and Recreation and Parks Department staff[1]. SWAC members expressed hesitation about expanding the mix of construction and demolition debris materials (other than asphalt and concrete) handled on SWL 352 if these activities are not enclosed. SWAC also asked for a further Port staff presentation on the project prior to a request to the Port Commission to approve a lease.

[1] Golden Gate Disposal is parking vehicles on land near 7th and Berry Street that Potrero Hill residents believe could be part of a new park serving the eastern neighborhoods. The land adjacent to these parked vehicles is publicly-owned.

**Conclusion**

Port staff recommends that the Port Commission authorize Port staff to enter into an Exclusive Negotiation Agreement with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. for a period of one month, with the option to extend this agreement solely at the Executive Director's discretion for a period of up to two months for a fee of $5,000 per month.

At such time as the Port and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. reach a proposed lease agreement, Port staff will return to the Port Commission with the proposed agreement for Port Commission review and approval.

Prepared by: Brad Benson
Special Projects Manager

**PORT COMMISSION**
**CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 08-14**

WHEREAS, Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, Under Charter Section B3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, On November 1, 2007, the Port issued a Request for Proposals ("RFP") for a Construction Materials Recycling Center at Seawall Lot 352 (SWL 352), a copy of which is on file with the Port Commission Secretary; and

WHEREAS, Port staff and its Advisory Panel have reviewed and evaluated the proposals submitted by respondents to the RFP; and

WHEREAS, Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. submitted the highest scoring proposal among all the respondents to the RFP; and

WHEREAS, Port staff has outlined the RFP and the subsequent review process in its February 12, 2008 staff report to the Port Commission, a copy of which is on file with the Port Commission Secretary, and based on the information and evaluation set forth therein, Port staff recommends that the Port Commission authorize Port staff to enter into an Exclusive Negotiation Agreement with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., jointly, for the lease of five acres of SWL 352 under terms substantially described in the RFP; now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to execute an Exclusive Negotiation Agreement between the Port and Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., jointly, upon the terms recited in the staff report accompanying this Resolution, regarding the lease of five acres of SWL 352, which agreement shall be in a form approved by the City Attorney's Office; and be it further

RESOLVED, This authorization does not constitute an acceptance of the proposed terms of Raisch Products, Inc. and S.F. Recycling and Disposal, Inc., but Port staff is directed to enter into negotiations for a lease agreement and related documents on terms mutually acceptable to Port and Raisch Products, Inc.

and S.F. Recycling and Disposal, Inc. that provide maximum benefits to the Port consistent with the project criteria, with the understanding that the final terms and conditions of any lease negotiated with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. shall be in a form approved by the City Attorney's Office and subject to the approval of the Port Commission and the Board of Supervisors; and be it further

RESOLVED, That the project identified in the RFP is subject to review of environmental impacts pursuant to the California Environmental Quality Act ("CEQA"), depending in large part on the extent to which the proposed operation by Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. continues the current type and intensity of industrial use; and should further environmental review be required, as determined by the San Francisco City Planning Department, Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. will be responsible for assuming certain development risks and retaining any environmental consultant assistance as needed to secure CEQA review; and furthermore, the Port may impose as conditions to approval of the lease, mitigation measures to resolve environmental impacts, as may be identified in CEQA environmental review analyses.

***I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 26, 2008.***

_____
Secretary

**Attachment A:**
**RFP Key Lease Terms**

**Use**

Accept demolished concrete and related construction materials and charge tipping fees; operate a weigh station; crush and reprocess these materials into aggregate, sand, structural base, non-structural fill and related construction products; store unprocessed and processed materials; sell the resulting products; and segregate and transfer for disposal materials unsuitable for sale. The Operator must submit an Operations Plan, subject to Port approval, that provides detailed description of its recycling activities and equipment, materials acceptance and segregation protocols, air quality and dust control measures, water quality and stormwater pollution prevention measures, noise control measures, hazardous materials and waste management, and other best management practices.

The Operator's acceptance of demolition asphalt at the Site will only be permitted by the Port after review and approval of a business plan that demonstrates existing markets for asphalt by-products. Acceptance of hazardous materials will be prohibited.

**Premises**

The portion of the Site available for continuing use by the Operator consists of approximately 217,800 square feet of land (Parcel A) located at Seawall Lot 352 in the Southern Waterfront. The Site has previously been used as a construction materials recycling center.

**"AS-IS" Condition**

The Lease will require the Operator to accept Parcel A of the Site, and any future premises negotiated by the parties, in its existing state and condition, "AS IS", with all faults.

**Base Rent**

A minimum base monthly rental rate, with annual percentage increases and percentage rent. The Port proposes to use rent credits as a means of paying for the Scope of Work.

**Term**

The initial term of the Lease will be 4 years, with a 1 year option for storage and sale of crushed product, consistent with the Port's interim leasing policy.

To accommodate potential future development of the Backlands, the Port will reserve the right to require that the Operator relocate with 18 months notice to another location on Port Backlands property. The 18 month notice period is intended to allow the Operator sufficient time to sell stockpiles of finished product and process stockpiles of unfinished material.

If the Operator is a tenant in good standing and has maintained an exemplary record of environmental regulatory compliance, and the Port, in its sole discretion, determines that it will continue a construction materials recycling center on Port property, the Operator will have the right of first refusal for a five year extension of the Lease, subject to market rate rent adjustments.

**Scope of Work**

The Port recently issued an informal Request for Information regarding the Existing Stockpile left by a previous construction materials recycling center, comprising approximately 120,000 tons of concrete, concrete mixed with asphalt, and concrete mixed with asphalt and brick. The Port has opted to pursue processing of this material into an appropriate range of products that represent the highest and best use of this material, and to pursue the processing, storage and sale of this material in the context of this leasing opportunity.

The Port is examining opportunities to utilize much of the resulting products to improve its own property. Alternately, the Port may opt to sell these materials to the private market with the assistance of the Operator. In this case, the Port and the Operator will participate in revenues from the sale of these materials. In their proposals, Respondents should propose a formula for the Port and the Operator to participate in such revenues.

The Lease will require that the Operator conduct the Scope of Work to crush and recycle the Existing Stockpile left by a previous construction materials recycling center, comprising approximately 120,000 tons of concrete, concrete mixed with asphalt, and concrete mixed with asphalt and brick, within the first two years of the Lease term.

**Sale/Transfer/Refinancing**

The Port expects to participate in the proceeds that the Operator receives from the sale, transfer or refinancing of the leasehold.

**Maintenance/Repairs/Security**

During the term of the Lease, the Operator will be responsible for all improvements, maintenance, repairs and operating expenses associated with the Site, including any non-exclusive areas such as access roads, utilities, and general buffer areas. Port will have no maintenance obligations with respect to the Site. The Operator will be responsible to secure the site from illegal dumping activity and to clean up the same.

**Possessory Interest and Other Taxes**

The Operator will be required to pay possessory interest taxes on the assessed value of the leasehold interest. Respondents may contact the City Assessor's office for more information on how this tax will be calculated. The Operator also will be required to pay other applicable city taxes, including sales and payroll taxes.

**Security Deposit**

A security deposit will be required in an amount equal to no less than two month's Base Rent in the form of cash.

**Insurance and Bond Requirements**

Throughout the term of the Lease, the Operator will be required to maintain insurance typical for the approved project in amounts and with limits determined appropriate by the Port and with carriers acceptable to the Port.

The Operator will be required to furnish the Port with a performance bond issued by a responsible surety company licensed to do business in California and satisfactory to the Port at the Port's reasonable discretion, or other such instrument. Such bond will guarantee completion of Scope of Work.

**Environmental Deposits**

The Lease will require two forms of environmental financial assurance designed to protect the Port from liability arising out of the operation of a construction materials recycling facility:

1. A Letter of Credit in a form determined by the Port and in an amount sufficient to secure the Operator's environmental obligations; and

2. A $10,000 Environmental Oversight Deposit which may be used by the Port if the Operator receives a Notice of Violation or regulatory order and such notice of violation cannot be cured or Operator cannot comply with such regulatory order within 14 calendar days after delivery of such notice, and the Operator is not actively working to cure such notice of violation or comply with such regulatory order.

**Assignment/Sublease**

The Port will have the right to approve any assignment, sublease or transfer of the Lease, subject to any participation provisions, as described above under the heading "Sale/Transfer/Refinancing".

**City Requirements**

The Lease will require the Operator to comply with all City requirements applicable to the Operator in effect at the time the Lease is executed.

The Port and the Operator will consult with the Human Rights Commission to determine appropriate methods for promoting participation by disadvantaged business entities in the Scope of Work.

**Diesel Fuel Measures**

The Operator must minimize exhaust emissions from operating equipment and trucks at the Site.

**Local Truckers**

As a material consideration for Port's agreement to enter into the Lease, Operator agrees that, for all trucking opportunities associated with Operator's operations at the Site, including, without limitation, hauling of materials on and off the Site, Operator will make good faith efforts to first use local truckers, defined pursuant to the San Francisco Administrative Code Section 14B. Small, Micro, Local Business Enterprise Contracting Program ("Local Truckers").

PORT OF SAN FRANCISCO

**MEMORANDUM**

February 21, 2008

**TO:** MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Rodney Fong, Vice President
Hon. Michael Hardeman
Hon. Ann Lazarus
Hon. Stephanie Shakofsky

**FROM:** Monique Moyer
Executive Director

**SUBJECT:** Informational Presentation by Port Staff and Four Development Teams for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 and Pier 48

**DIRECTOR'S RECOMMENDATION:** INFORMATION ONLY - NO ACTION REQUIRED

BACKGROUND

At the October 9, 2007 Commission meeting, the Seawall Lot 337 ("SWL 337") Port Committee recommended that the Commission proceed with a two-step Request for Qualifications/Proposals ("RFQ/P") process for a mixed use development opportunity at SWL 337. While previous Port public-private development projects have been the product of a one-step RFP process, in this case a two-step RFQ/P process is warranted to access the creativity of the development community and enable community stakeholders and developers to address and exchange information prior to the submittals of development proposals.

There was a conscious effort to write Objectives and Criteria for SWL 337 for broad interpretation, to provide developers flexibility that invites innovative development and design ideas and proposals. The Objectives and Criteria seek multiple public benefits that may compete economically and/or for space on SWL 337. In San Francisco, successful development projects possess a character and design that attract and build community support, and for which the balance between revenue and development feasibility needs and public benefits is well understood. The RFQ/P process is intended to advance a realistic understanding of how well development and public benefit improvements can be integrated to produce development proposals that are highly responsive to the Objectives and Criteria.

**This Print Covers Calendar Item No. 9A**

ISSUANCE OF RFQ and APPOINTMENT OF ADVISORY PANEL

At the October 23, 2007 Commission meeting, the Commission authorized staff to proceed with step one and issue a Request for Qualifications ("RFQ") for this mixed use development opportunity (Resolution No. 07-80). Subsequently, Port Executive Director Monique Moyer appointed an eight member SWL 337 Advisory Panel with expertise in urban design, waterfront open spaces, environmental management, economic development, city planning policy, local community issues, and participatory government. The SWL 337 Advisory Panel will review the submitted concepts and present their analysis and findings to the Port Commission for their consideration of a proposed short-list of developers to be invited to prepare development proposals and accompanying financial proposals.

The Advisory Panel members are:

Ruth Gravanis, Chair
S.F. Commission on the Environment

Paula Collins, Vice Chair
CEO, WDG Ventures

David Baker
David Baker + Partners, Architects

Robin Chiang
Robin Chiang & Company, Architect

Sarah Karlinsky
S.F. Planning and Urban Research (SPUR)

Tony Kelly
Potrero Boosters

Amy Neches
S.F. Redevelopment Agency

John Rahaim
Director, S.F. Planning Department

PORT RECEIVES FOUR DEVELOPMENT CONCEPT PROPOSALS

On February 14, 2008, the Port received RFQ submittals from the following four developer teams:

- Build Inc.; Cherokee Investment Partners; UrbanGreen Devco, LLC
- Federal Development, LLC; Lehman Brothers; Construction Management and Development, Inc.
- Kenwood Investments, LLC; Boston Properties Inc.; Wilson Meany Sullivan, LLC
- San Francisco Giants; The Cordish Company; Farallon Capital Management, LLC

At the February 26, 2008 Port Commission meeting, each of the SWL 337 Respondents will present their development concepts for SWL 337. Port staff has performed a review of the submittals and extracted the main points and concepts from each. This information has been tabulated as shown on the attached Exhibit A. This information, where possible, reflects the submittals exact language and does not reflect staff analysis or judgment regarding the proposals. Port staff also conducted a preliminary responsiveness screening of the submittals. The Port is working to post more information as soon as possible regarding the four development concepts on the Port's website, www.sfport.com/swl337.

ADDITIONAL PUBLIC OUTREACH AND NEXT STEPS

The four development teams will make presentations at a public workshop on Saturday, March 1, 2008, from 9 am – 3:30 pm, at Jelly's Café, 295 Terry Francois Blvd, across the street from SWL 337. At this workshop the SWL 337 development concept presentations will be followed by substantial time for public comments. The workshop will be formatted to enable development teams and community stakeholders to have a direct exchange on the public's response to the development concepts.

Port staff will summarize the results of the March 1st public workshop in an Informational Presentation planned for the March 11, 2008 Port Commission meeting. The Advisory Panel's analysis and findings of its review of the RFQ submittals currently are planned to be presented to the Port Commission at its meeting on April 8, 2008.

Prepared by: Diane Oshima
Asst. Deputy Director
Waterfront Planning

Phil Williamson
Development Project Manager

# EXHIBIT A

**SWL 337/ Pier 48 RFQ Submittals**

| **DEVELOPMENT ENTITY:** | **Build Inc.<br>Cherokee Company<br>UrbanGreen Devco** | **Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc** | **Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan** | **San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management** |
|---|---|---|---|---|
| **DEVELOPMENT TEAM:** | | | | |
| Land Use/Urban Designer | Jon Kriken | | WRT/Solomon | SMWM |
| Architecture | Jon Worden Architects<br><br>Jim Jennings Architecture<br><br>Stanley Saitowitz, Natoma Architects<br><br>Pfau Architecture<br><br>David Meckel, FAIA | Project Design Architect: CY Lee + Associates, Taipei<br><br>Local Architect: Patri-Merker Architects | | SMWM<br><br>Beyer Blinder & Belle |
| Historic Preservation Architects | Christopher Verplanck | Page & Turnbull, Architects | Page & Turnbull, Architects | SMWM |
| Landscape Architect | CMG Landscape Architecture | The Guzzardo Partnership | CMG<br><br>Walter Hood Architects | Hargreaves Associates |
| Civil Engineers | ARUP & Sherwood Design | BKF Civil Engineers | BKF Civil Engineers | Rutherford & Chekene |

| DEVELOPMENT ENTITY: | Build Inc.<br>Cherokee Company<br>UrbanGreen Devco | Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc | Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan | San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management |
|---|---|---|---|---|
| | Engineering | | | |
| Pier Engineering Consultant | | | | Treadwell & Rollo |
| Legal Counsel | Steven Vettel, Farella Braun + Martel LLP | Brett Gladstone<br><br>Gibson, Dunn and Crutcher | Neil Sekhri, Gibson, Dunn and Crutcher | Coblentz, Patch, Duffy & Bass<br><br>Sheppard Mullin Hampton & Richter |
| Geotechnical Engineers | | | ENGEO | Treadwell & Rollo |
| Sustainability Advisors | ARUP & Sherwood Design Engineering | | Jean Rogers, ARUP | Atelier Ten |
| Hazardous Materials Remediation | | | Erler & Kalinowski | Ash Creek Associates, Inc. |
| Construction | | Construction Management and Development, Inc<br><br>Swinerton Builders | Webcor Builders | Hathaway Dinwiddie and Nibbi Brothers |
| Environmental Art | | | Ned Kahn | |
| Arts Community | Mark Johnson | | Black Rock Arts Foundation | |

| DEVELOPMENT ENTITY: | Build Inc.<br>Cherokee Company<br>UrbanGreen Devco | Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc | Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan | San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management |
|---|---|---|---|---|
| Community Relations | Joe Boss | Barbary Coast Consulting | | |
| Lead Negotiator | Lou Vasquez, Dan Murphy & Andy Stewart | John Infantino, Barry Freeland, John Germain, David Gannon | Darius Anderson, Bob Pester, Jay Wallace & Chris Meany | Jack Bair, Blake Cordish & Rocky Fried |
| Comparable development & construction projects of development entity principals | The Homes On Esprit Park<br><br>Parcel P @ Oak & Octavia<br><br>800 High Street Condominiums, Palo Alto<br><br>Van Ness Condominiums, 140 South Van Ness, | Port of San Diego – North Embarcadero<br><br>Castle Commerce Center, Atwater, CA<br><br>The Resort at Del Rey Oaks | 111 Huntington Av, Boston<br><br>5 Times Square, New York City<br><br>The Ferry Building<br><br>Treasure Island, San Francisco | SF Giants: AT&T Park; China Basin Park<br><br>Cordish: Ballpark Village, St. Louis, MO; Kansas City Power & Light District<br><br>Farallon: Mission Bay |
| **PROJECT CONCEPT:** | | | | |
| • Overview | "a mix of various uses: affordable and market-rate residential, commercial retail, recreational, civic/cultural (contemporary art project space), production/ distribution/repair space, artist studios, tourist destination, and open space. Underlying these uses is the | "a beacon of activity, with a rich and diverse mix of uses, including a range of entertainment, recreational, residential and retail which will promote an active urban texture" | "A mixed use neighborhood that celebrates and highlights the arts of San Francisco within a waterfront setting that adopts the historic Pier 48 as a centerpiece" | "a major new public destination in San Francisco featuring an expansive, world-class waterfront park, a landmark Bay-edge experience….a new performance venue will be a signature element….significant office and residential uses will assure an everyday mix of |

| DEVELOPMENT ENTITY: | Build Inc.<br>Cherokee Company<br>UrbanGreen Devco | Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc | Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan | San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management |
|---|---|---|---|---|
| | desire to blend them together in a seamless woven fabric that is mutually enhancing and beneficial. | | | people using the site and an open-armed invitation to workers and residents in the surrounding Mission bay area." |
| • SWL 337 | A Green Tech/Clean Tech Incubator, residential neighborhood serving retail space, including a market, cafes, restaurants. A mix of affordable, "affordable by design" (not subsidized), mid level, and upper scale homes are planned. | Integrating commercial uses within a matrix of substantial open space. The new commercial uses include a four star hotel, two office buildings, residential building, and a theater facility. | "arranged as 4 city blocks running east west from Third Street. Each block has a variety of building types and is designed to be self contained and capable of independent phasing. The blocks are designed with internal semi-public or private courtyards located above internal parking garages. The block pattern [offers] views to the Bay and downtown." | "A vibrant entertainment-oriented district with a music hall, an exciting place to live and work, a sustainable, green and innovative place." |
| • Pier 48 | envisions reusing pier 48 as a cultural and artistic destination—including a museum of contemporary art—substantial artist studio space and outdoor tented promenades for artists and crafts people to sell their work to the public. | Exhibition events and leasing of raw shed space (as is) to conventional maritime related businesses. | Pier 48 will become a place where art is created and the public is invited to participate. | "A magnificently refurbished historic pier for special events and cultural exhibitions." |

| DEVELOPMENT ENTITY: | Build Inc.<br>Cherokee Company<br>UrbanGreen Devco | Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc | Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan | San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management |
|---|---|---|---|---|
| • Open Space | "Approximately 7 acres of open space is interspersed between buildings leading to a large open green and beach/wetland on the water between the two piers. A floating swimming pool sits between the two piers" | "the entire site will appear as an expanse of green elements with uninterrupted open space of at least 8 acres." "The open space will be created primarily at the podium (top) level of a 4 story parking facility that will cover most of the site and serve the parking needs." The site's northeast corner will accommodate active sporting events. | "create a series of different spaces that work together to create a collection of opportunities to be outside in an urban environment that each in their unique way take advantage of the waterfront." | "An extraordinary waterfront park with stunning shoreline walkway and great lawn." |
| **DEVELOPMENT PROGRAM:** | | | | |
| • Public Access Space | 7 acres | 5 to 7 acres | 5+ acres | Size of public space not quantified in proposal |
| • Total Commercial Space | Green Tech/Clean Tech Incubator: 450,000 sq. ft. office<br><br>Neighborhood Retail: 100,000 Sq. ft. including a market, cafes, restaurants<br><br>Condos: 905 units | Hotel: 170 rooms<br><br>Theater: 2,500 seats<br><br>Office: 432,000 sq. ft.<br><br>Entertainment Retail: 25,000 Sq. ft.<br><br>Neighborhood Retail: | Office: 400,000 sq. ft.<br><br>Residential: 1,100 units<br><br>Retail/Gallery: 67,000 sq. ft.<br><br>Parking: 2,383 spaces<br><br>1,500 shared spaces | Retail space: 400,000 sq. ft.<br><br>Music Hall: 60,000 sq. ft.<br><br>Event/Flex space: 100,000 sq. ft.<br><br>Office: 790,000 sq. ft.<br><br>Condos: 875 units |

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|---|---|---|---|---|
| | Rental Housing: 700 units<br><br>Parking: 1,900 spaces | 40,000 Sq. ft.<br><br>Residential: 450 units<br><br>Parking: 2,745 spaces | | Parking: 2,650 spaces |
| • Pier 48 | 50,000 sq. ft. of contemporary art space, 70,000 sq. ft. of artist studios, workshops, and galleries<br><br>70,000 wholesale/retail flower<br><br>large open-air covered market for artists, food and flower merchants | Exhibition events and leasing of raw shed space to maritime related businesses. | The Black Rock Arts Foundation and artists' studio space in Pier 48; | Front portion of 48A: Restaurant; Front portion of 48B: Retail<br><br>Central portion of both sheds: Flexible space for events, trade shows, exhibits and game day parking<br><br>Rear portion of both sheds and connector building: major event and conference center with small café<br><br>Pier perimeter: Maritime vessel berthing |

| DEVELOPMENT ENTITY: | Build Inc.<br>Cherokee Company<br>UrbanGreen Devco | Federal Development, LLC<br>Lehman Brothers Construction Management and Development, Inc | Kenwood Investment, LLC Boston Properties<br>Wilson Meany Sullivan | San Francisco Giants<br>The Cordish Company<br>Farallon Capital Management |
|---|---|---|---|---|
| **FINANCIAL PROPOSAL:** | | | | |
| • Initial Guaranteed Annual Base Rent | $1.33M | $0 - $1.5M Year 1-5<br>$2M - $4M Year 6-7<br>$5M - $8M Year 8+ | $3.1M | $4M |
| • Range of Expected Rent | $1.33M | | over $59 million to the Port over 20 years | $4 – 8M |
| • Lump Sum Payments | $125M | N/A | | N/A |
| • Participation Rent | N/A | 5% - 10% of gross income | Share after 25% IRR | Structure not specified |

# SAN FRANCISCO PORT COMMISSION

Kimberly Brandon, President
Rodney Fong, Vice President
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner
Stephanie Shakofsky, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

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2/26/08

## AGENDA
## TUESDAY, FEBRUARY 26, 2008
## 2:00 P.M. EXECUTIVE SESSION
## 3:15 P.M. OPEN SESSION
## PORT COMMISSION HEARING ROOM, SECOND FLOOR
## FERRY BUILDING, SAN FRANCISCO, CA 94111

***The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.***

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - February 12, 2008

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

         a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

         Number of potential cases: 1 As Defendant
         Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property.
         For Discussion and Action: Approval of an agreement with Hornblower

Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County until approximately April 17, 2008.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 9
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Pacific Marine Yacht Charters: Garrett O'Doherty

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

b. Property: 360 Jefferson Street
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Portco, Inc.: Nick Hoppe

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at 360 Jefferson Street.

c. Property: Pier 9
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Bar Pilots: Captain Peter McIsaac

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

## 5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

## 6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## 7. EXECUTIVE

A. Executive Director's Report
- Seawall Lot 337 Development Concept Public Workshop – March 1, 2008 from 9 a.m. to 3:30 p.m. at Jelly's Café, 295 Terry Francois Blvd.
- California Association of Port Authorities Conference – March 6-7, 2008 in Palm Springs
- Seatrade Cruise Shipping Convention – March 10-13, 2008 in Miami Beach, Florida

B. Informational Presentation by the U. S. Coast Guard regarding the Cosco Busan response to the Oil Spill.

## 8. CONSENT

A. Request approval of the Port's Annual Operating Budget for Fiscal Year 2008-09. (Resolution No. 08-10)

B. Request approval of the Port's $7.6 Million Annual Capital Project Budget Funding for Fiscal Year 2008-09. (Resolution No. 08-11)

C. Request approval of the Port's Operating Reserve Policy. (Resolution No. 08-12)

D. Request approval of the Port's 10-Year Capital Plan for Fiscal Year 2008-17. (Resolution No. 08-13)

E. Request approval to enter into exclusive negotiations for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (Resolution No. 08-14)

## 9. PLANNING & DEVELOPMENT

A. Informational Presentation by Port Staff and Four Development Teams for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 and Pier 48.

## 10. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)
  - Informational presentation regarding the SWL 337 development concept presentations from the March 1, 2008 public workshop (March 11, 2008)
  - Request authorization to advertise for design and engineering consulting services for the Brannan Street Wharf public open space, to be located adjacent to the Embarcadero between Piers 30-32 and 38 (March 11, 2008)
  - Request approval to accept and expend the 2007 Port Security Grant for security upgrades at the Port of San Francisco (March 11, 2008)

- Request approval of a Street Performer Program for the Fisherman's Wharf area starting April 1, 2008 (March 11, 2008)
- Request authorization to issue Request for Proposals for a Concrete and/or Asphalt Batching Operation at Pier 94 (March 11, 2008)
- Request approval of proposed Lease No. L-14282 with the San Francisco Bar Pilots Benevolent and Protective Association for 19,718 s.f. of office space, 20,088 s.f. of shed and storage space, and 14,342 s.f. of apron space at Pier 9, The Embarcadero, for a fifteen year term at an initial monthly rent of $97,109.78 (March 11, 2008)
- Request approval of proposed Settlement Agreement with the San Francisco Bar Pilots Benevolent and Protective Association (the "Bar Pilots") for repair of the apron, the underlying substructure and fendering system on a portion of Pier 9 within the Bar Pilot's existing premises under Lease No. L-11515 with the Port of San Francisco, the cost of which is estimated to be $710,500, of which Port shall provide a rent credit to the Bar Pilots in an amount not to exceed $355,250 (March 11, 2008)
- Request approval of developer shortlist and request authorization to issue Request for Proposals for SWL 337 (April 8, 2008)
- Request authorization to advertise for the Demolition and Disposal of Port's Drydock No. 1 (April 8, 2008)
- Request authorization to execute a contract modification with Dutra Construction Co., Inc. for the Pier 52/54 Boat Launch Project, Contract No. 2713 (April 8, 2008)
- Status report on development opportunities for Seawall Lot 351 (The Embarcadero at Washington Street) (June 10, 2008)
- Informational presentation regarding the Memorandum of Understanding between the Port of San Francisco and the Municipal Transportation Authority to purchase and install multi-space parking meters on Port property (Date to be determined)
- Request authorization to issue Request for Proposals for Seawall Lot 351 (Embarcadero at Washington) (Date to be determined)
- Request adoption of Findings under the California Environmental Quality Act; Approval of Memorandum of Understanding (MOU) with Public Utilities Commission (PUC) for 4 acres of Seawall Lot 356 (located at 26th and Maryland Streets); Approval of MOU with the PUC for underground utilities and Approval of License with J-Power Development Company, Ltd. for construction laydown space at Seawall Lot 356, all as related to the development and operation of the proposed 150MW combustion turbine peaker plant on 4 acres of the Western Pacific Parcel (Seawall Lot 356) (Date to be determined)
- Request approval of an Amendment to the Settlement Agreement between PG&E and the City and County of San Francisco, dated June 14, 2005, regarding a claim of encroachment by the PG&E Hunter's Point Power Plant on Port property, to agree to a month-to-month extension of the agreement and to clarify the rental payment procedures, including the annual adjustment of rent (Date to be determined)
- Informational Presentation by SF Piers LLC of its proposed Revised Development Plan for Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

- Request approval of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Date to be determined)

## 11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

## 12. COMMUNICATIONS

Communications to the Port Commission from February 8, 2008 to February 21, 2008:

- From Port staff, copy of *San Francisco Business Times* article entitled, "Giants lead in fight for premier port site"
- From Port staff, copy of *San Francisco Business Times* article entitled, "S.F. Port's properties have an enviable vacancy rate"
- From Port staff, copy of *San Francisco Examiner* article entitled, "Exploratorium wants to give exhibits a place in the sun"

## 13. ADJOURNMENT

## MARCH/APRIL 2008

## CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

| Date | Time | Group | Location |
|---|---|---|---|
| March 11 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| March 25 Cancelled | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| April 8 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |
| April 22 | 2:00 p.m. | Closed Session/Port Commission | Port Commission Room |
| | 3:15 p.m. | Open Session | @ Ferry Building |

**NOTES:**

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel (CTAP) generally meets the second Thursday of the month. Contact John Doll at 274-0639 or john.doll@sfport.com

The Cruise Terminal Environmental Advisory Committee (CTEAC) generally meets quarterly. Date and time to be determined. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562 or jay.ach@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548 or jennifer.sobol@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets regularly on the third Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com
The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the third Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

## ACCESSIBLE MEETING INFORMATION

**Ferry Building:**

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

**Pier 1:**

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

**Accessible meeting information policy:**

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

**Know Your Rights Under the Sunshine Ordinance:**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

## NOTICES

**Prohibition of Ringing of Sound Producing Devices:**

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

# SAN FRANCISCO
# PORT COMMISSION

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2/26/08

## FEBRUARY 26, 2008
## MINUTES OF THE MEETING

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**MEMBERS, PORT COMMISSION**

HON. KIMBERLY BRANDON, PRESIDENT
HON. RODNEY FONG, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS
HON. STEPHANIE SHAKOFSKY

**MONIQUE MOYER, EXECUTIVE DIRECTOR**
**AMY QUESADA, COMMISSION SECRETARY**

# CITY & COUNTY OF SAN FRANCISCO
# PORT COMMISSION

## MINUTES OF THE MEETING
## FEBRUARY 26, 2008

**1. CALL TO ORDER / ROLL CALL**

Commission President Kimberly Brandon called the meeting to order at 2:00 p.m. The following Commissioners were present: Kimberly Brandon, Rodney Fong, Michael Hardeman, Ann Lazarus and Stephanie Shakofsky.

**2. APPROVAL OF MINUTES** - February 12, 2008

ACTION: Commissioner Lazarus moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor. The minutes of the February 12, 2008 meeting were adopted.

**3. PUBLIC COMMENT ON EXECUTIVE SESSION**

**4. EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:01 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER. (Discussion and Action)

a. Discuss anticipated litigation matter pursuant to Section 54956.9(b)(1) of the California Government Code and Section 67.10(d) of the San Francisco Administrative Code.

Number of potential cases: 1 As Defendant
Basis for Closed Session: Hornblower Cruises & Event's administrative appeal of the Port's disapproval of Application Nos. 7564-31.5-0 and 7565-33-07 for building permits for the installation of signs on Port property.
For Discussion and Action: Approval of an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County until approximately April 17, 2008.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 9
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Pacific Marine Yacht Charters: Garrett O'Doherty

b. Property: 360 Jefferson Street
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Portco, Inc.: Nick Hoppe

c. Property: Pier 9
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*Bar Pilots: Captain Peter McIsaac

## 5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Fong moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission Vice President Rodney Fong announced that the Commission authorized the City Attorney and/or the Executive Director to enter into an agreement with Hornblower Cruises & Events tolling the statute of limitations for filing a petition for writ of mandamus against the City and County of San Francisco based on the City and County's disapproval of building permit application numbers 7564 and 7565 for the installation of signs on Port property at Piers 31-33 until April 7, 2008.

ACTION: Commissioner Fong moved approval to not disclose any other information discussed in executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

## 6. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

The Commission Secretary announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

## 7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Seawall Lot 337 Development Concept Public Workshop – March 1, 2008 from 9 a.m. to 3:30 p.m. at Jelly's Café, 295 Terry Francois Blvd. The purpose of the workshop on Saturday will be that each of the four development teams will make a 25-minute presentation. After each development proposal presentation, there will be 30 minutes of interactive dialog with the Commissioners who are in attendance, the Port staff and the public. This has not been done before. It's our way to get more of a dialog with respect to the process than the parliamentary style allows. Staff will report back to the Commission at its March 11, 2008 about the workshop.

- California Association of Port Authorities Conference – March 6-7, 2008 in Palm Springs. The CAPA, for which the Port is a member, will be meeting on March 6-7. They will continue to discuss the 1B Proposition security monies and air quality impacts. There are a lot going on in the State particularly as it relates to the Ports of L.A. Long Beach and Oakland.

- Seatrade Cruise Shipping Convention – March 10-13, 2008 in Miami Beach, Florida. This is the conference where cities that have cruise businesses from all around the country come and try to vie for cruise business and try to see who can get the attention of the cruise executives. She, Peter Dailey and Michael Nerney will be attending the conference along with some of our partners such as Stefano Pinna from Metro Cruises and a representative from BAE ship repair. This will be a prime opportunity for the Port to promote the new drydocking facilities for mega cruise ships.

B. Informational Presentation by the U. S. Coast Guard regarding the Cosco Busan response to the Oil Spill.

Ms. Moyer indicated that the Coast Guard asked for an opportunity to address the Commission regarding the events in and around the Cosco Busan oil spill in November 2007. She introduced Capt. Gugg, San Francisco Sector Commander. He is responsible for the day-to-day Coast Guard operations in Northern California, Nevada, Utah and part of Wyoming.

Capt. Paul Gugg, Sector Commander in San Francisco, indicated that he was the federal on-scene coordinator for the Cosco Busan response. He brought several members of his staff and his counterpart from the State in the United Command, Lt. Rob Roberts. They will briefly give the Commission an overview of the Cosco Busan incident primarily in the response and where they currently stand. This will not be about the investigation of the incident. It will be about the response to the oil spill.

Lt. Commander Arex Avanni, chief of incident management at Sector San Francisco, indicated that in addition to Captain Gugg and Lt. Roberts, he introduced Commander

Pat di Quatro, chief of response at Sector San Francisco and Lt. Asia Kirksey, assistant chief of incident management.

Lt. Commander Arex Avanni indicated that on November 7, 2007, the container ship motor vessel Cosco Busan struck the San Francisco Bay Bridge, tearing approximately 100-foot hole by ten-foot high into the side of the ship. It breached three tanks, one ballast tank and two fuel tanks. After analysis of the hole within the tank, they determined that approximately 58,000 gallons of bunker fuel discharged out of the hole in approximately ten seconds. The Coast Guard and the California Fish and Game were notified and responded immediately to the incident. They were on scene with the ship within 50 minutes. At its farthest extent, the spill impacted beaches as far north as the Richmond San Rafael Bridge, Point Reyes and as far south as Oyster Point and Half Moon Bay. The total impacted area was approximately 60 miles. From their NOAA scientific support coordinator, using the data from visual and aerial observations, they were able to develop a hind cast of where the oil went from impact for the first three days. At point of impact, it was at a flood tide so the initial movement of the oil was south of the Bay Bridge. As the tide ebbed, the oil started moving north and out of the gate. Splats of 58,000 gallons of oil went out the gate but the tides brought them back in. There was heavy, reduced visibility during the first ten hours of the spill. They had about 15 meters of visibility and they were unable to get a helicopter in the air to assess where the oil was going. They relied heavily upon NOAA's initial trajectory of where the tides would take the oil and they used the area contingency plan to prioritize where they would strategically boom off the sensitive areas. He showed a picture of the motor vessel Cosco Busan. There were three tanks – a ballast tank, the middle tank was a fuel tank but the fuel level in the tank was below where the gash occurred. The third thank is where the entire amount of the 58,000 gallons discharged from. He showed a graphic (blue column) that shows the level of the amount of skimming capacity gallons per day that is required by CA response planning requirements. Approximately 246,000 gallons of skimming capability per day are required to be on the water within six hours. The red columns show what they actually had on water at the two-hour mark, four-hour mark and six-hour mark. At the six-hour mark, they had a skimming capability to skim over 2 millions per day. They wanted to use this graphic to illustrate how much they threw at this at the outset.

Capt. Gugg indicated that the limiting factor becomes the ability to find and encounter oil, not the booms and the recovery capability for it. It's a finding and addressing versus on water capacity issues. It's not like they didn't have enough resources.

Lt. Commander Arex Avanni showed several pictures of the skimming operations. When there was good visibility, they were able to use helicopters to identify oil and direct their skimming vessels. He showed a picture of on-water boom deployments. He showed a picture of Crissy Field and the booming strategies to protect Crissy Field. They had three decon stations, decontaminating boom 24-7 for the first 2-3 weeks of the response, showing the magnitude of how many resources they were deploying to respond to the oil spill. They had over 1,400 trained professional response personnel combing the beaches at their highest point. He showed pictures of

the types of beach recovery methods they used. It's not all sandy beaches in Northern California. There are a lot of remote, rocky areas. They had to be creative to get into places where it would be difficult to get response personnel in. He showed a picture of National Park Service representatives repelling down into Pirates Cove and retrieving oily debris. Other methods used are elevated temperature wash. They were used very sparingly because of the concern for organisms in the inner tidal zone. They had a group of scientists who used the elevated temperature washing to remove the oil from the rocks. They had people on their hands and knees digging through the sand, picking up the tar balls and sifting through the sand with big door size sifts and get as many as the tar balls as quickly as they could. He showed a picture of their pom pom strategy. Even when they were not able to pick things up, they laid out pom poms along the beaches so they would pick up oil during the night time tidal cycles. There were concerns about the oil being submerged. Due to the properties of the oil and testing, they did not find any submerged oil from this spill.

Capt. Gugg indicated that the specific gravity of the oil is such that it floated and it would remain floating. There was concern that sand would become entrained in it and there was significant amount of oil that had submerged. They needed to verify that there was or was not.

LCDR Arex Avanni showed a picture of one of the dredges with a bunch of pom poms that they dragged along the bottom to verify that it didn't pick up any oil. They were assured that there was no submerged oil. Capt. Gugg indicated that it's like a sail that a fisherman might drag. It's composed of oily phyllic snare. It's a special material that if oil contacts it, it would adhere to the snare. They would bring it up and examine it.

LCDR Avanni indicated that the Unified Command consisted of the California Department of Fish and Game, the U.S. Coast Guard as the federal on-scene coordinator, and the ship owners representative, the O'Brien's group. He showed a list of several state and federal agencies that were involved in the response as well as the local municipalities and counties that were involved in the incident command post.

There were 40 agencies involved in the oil spill response. There were 1400 trained response professionals responding to the 13 skimming vessels. They used 20 volunteer fishing boats. 28,500 feet of boom was deployed during the initial phases of the response as well as over 250,000 of contracted field hours. The volunteer program was activated on November 12, 2007. There were 17 training sessions, trained over 2,000 personnel and used over 1,000 volunteer days. One of the volunteer organizations is the Oil Wildlife Care Network (OWCN). They had a tremendous volunteer response for responding to saving the wildlife. They had 400 volunteers utilized for the spill. Over 1,000 live oiled birds were recovered and to date, 410 birds have been released back into the environment. He showed a picture of the OWCN rehabilitation center. He also showed a couple of before and after photos to show the initial impact and how things looked like after the response efforts. He showed a picture of a beach in Marin County. He showed a picture of Angel Island, Contra Costa.

On December 20, 2007, the Cosco Busan headed back to China for permanent repairs. Six members of the crew are still being held locally as part of a surety agreement and for the criminal investigation. Currently, they have about 40% recovery rate for what was recovered on water and oily solids. There were 52 non-response vessels cleaned that were impacted by the spill. They had 15 private properties cleaned and 22 private properties that they are continuing to clean.

How clean is clean? The Unified Command came up with the four operational phases for the response: Phase 1 was gross removal based on water recovery; Phase 2 is active clean up, the initial shore line clean up; Phase 3 Acting, monitoring and maintenance is still on going. They have shoreline assessment teams going out daily looking at the beaches and shoreline segments and identifying if there is any re-oiling. They deployed hotshot teams to pick up oil. Phase 4 Final sign off. There is going to be a natural weathering period while they are actively maintaining and monitoring the beaches. Wave action, sunlight is going to start breaking down the oil. After a natural weathering period, they will send out teams for a final inspection which will be in conjunction with the land owners and the state and federal trustees. Everyone signs off that the response is complete. Currently, they have SCAT (Shoreline Coastal Assessment Teams) going out everyday and two hotshot teams responding to anything they find.

With regard to statistics on shoreline assessment, they have a total of 275 miles of shoreline that have been assessed. 60 miles of shoreline were identified as impacted by the oil. They've broken the 60 miles of shoreline into 226 shoreline segments. They are seeing some positive improvements with the last set of winter storms. They think they may have approximately 72 segments that have been identified for final inspection and approval. They are working with their land managers and trustees to schedule inspection and do a final sign off. The fact that the natural weathering and sign off phase will continue through June. In the Bay Area, there is an active area committee that works on oil spill response plan. They are heavily involved with their subcommittees with regard to developing a volunteer plan as well as identifying pre-determined sites for instant command post and continually improving the sensitive site strategies and response. Statewide, they conduct about 300 oil spill drills annually. In the bay area, they conduct half of those drills. They encourage those who are interested and have a stake in oil spill response to engage with their area committees to get involved in some of the drills and educate people on how to respond to oil spills.

Captain Gugg thanked the Commission for their time and interest. It's nice to address a crowd where the Cosco Busan spill was not the number one thing on the agenda. Captain Gugg indicated that they probably painted this in a rosy picture. They certainly made some mistakes. They learned some lessons. Overall, the team did a great job.

Commissioner Fong acknowledged how large of an effort the clean up was and he appreciated all the work and volunteers that went into the clean up and recovery. It still is and when it happened, it was a very disheartening event. We all love this bay, watch it, see it, and appreciate it. He also recognized that accidents do happen and we

move a lot of materials in and out of San Francisco bay. He is curious about any kind of toxicity level testing at the time of the spill and if that was established as a baseline and if there's funding to do future testing, every six months, every year, every five years going forward, to see if things are getting better in a quantitative level.

Captain Gugg replied that the toxicity is interesting. The toxicity of this particular oil and the water column, the toxicologist informed them that it would not be a major issue. It was an issue for birds, for animals that contacted it and would ingest the oil. As far as elements of the oil getting into the water column, being toxic in that nature, they don't see that nor does the Regional Water Quality Control Board as an ongoing issue. To his knowledge, there is no extensive testing for toxicology currently planned.

Lt. Rob Roberts added that OSPR has some base lines. They have an IFO 380/180 cataloged and categorized, within 2-3 hours. National Park Service called and they were concerned about shutting down the park because there are a lot of tourists. They called several industrial hygienists and they talked about it extensively. There wasn't anything they were concerned about. They were worried about possible benzene but the levels are so low and below that stated by OSHA as a hazard and with the open air environment that it volatiles off within a few hours. Because it's an open environment, there was no threat at all. As far as baseline within the bay, there are studies done all the time. They have field grass studies and herring studies. There are a lot of fisheries. They are aware with the crab fisheries. This is one of the most pristine areas in the world. They have some baseline samples of water caught in oil. They have established some baseline measures over the last 15 years.

Commissioner Fong indicated there was concern about, at that time of the year, this is the spawning ground of the juvenile Dungeness crab in the bay. Lt. Roberts indicated that the oil does not submerge. The crabs are bottom feed. It did not impact them. They were mainly worried about the birds and marine mammals.

Commissioner Fong indicated that moving forward, what we've learned from this response and should a situation like this happen again, he asked if there is a technology that would inform us if a spill occurs at Richmond at a certain hour knowing the tide predictions. Lt. Roberts replied that what NOAA modeling does is based on historical data and over an averages. With different rainfall years and snow packs there are a lot of fluctuations with how much is being released through the Department of Boating and Waterways and Water Management agencies. A lot of that flow comes down and up through the Delta. There is a port system that has been active and that's a real time measurement of what the tides are showing right now and the current flow. He mentioned about the port's technology of sensors and buoys throughout the bay area that measures tide flow.

Commissioner Hardeman thanked the presenters for their presentation. He indicated that Commissioner Fong and all of the Commission were naturally upset as anybody could be because we're in charge of the public trust and we have to ensure that things like that don't happen. Realizing the primary duty of the U.S. Coast Guard is to protect us. They are a military organization. He complimented some of the

spectacular rescues that they've accomplished since he's been on the Commission primarily out in the ocean under extreme conditions. He thanked them for doing their mission. Secondarily, they have to watch out for oil spills in the water which is not their primary mission. Watching our government channels in San Francisco over the last few months and all the presentations the Coast Guard made and their responses, we would be better off if this happens again than we were in November. There is a group of people who are interested on the property at the Giants ballpark, a stone's throw away where the incident happened that are here to listen and give opinions and recommendations on the future of a piece of waterfront property. The Coast Guard is addressing a group that couldn't have been handpicked to listen to their presentation.

Capt. Gugg thanked the Commission for their comments and will pass along their kudos with regard to their search and rescue operations. They are about prevention as well. It's only because of their best laid prevention activities, human error overwhelmed those activities that heavily weighed in the response in this case. They do have prevention mission that they take very seriously.

Commissioner Lazarus indicated that at the presentation, they cited a 40% recovery rate of the oil that spilled. She asked how that compares to other incidents or whether they have goals for recovery rates. Capt. Gugg replied that their goal is always 100%. In this case, 40% is very good. Between 7-10% is the average throughout the world. The fact that they got 40% has to do with a couple of advantages. 40% doesn't make everybody happy. That means that 60% of what was spilled is still out there in the form of stain or went into the environment in one way or another. They have a couple of advantages. One is that they were in a somewhat enclosed environment in the bay. The oil went out, came back and they had a second, third, fourth chance at it and they had a very extensive beach operations where they had yet a third or fourth opportunity to collect it. They had some advantages and the fact that two of the major oil spill removal organizations are stationed in the bay area. Those were two advantages that let them get to a 40% recovery.

Lt. Roberts added that the temperature of the water also kept the oil at a more of viscous state so it didn't spread out thin. The time of the year and being in cold water kept it in a larger globule. They had a lot of advantages as well as disadvantages with the fog and over flight incapacity.

Ernestine Weiss indicated that it puzzled her terribly when she first heard about this incident that prevention wasn't acted upon and the fact that the visibility is near zero, why are ships allowed to move. She asked if that is the Port's responsibility.

Capt. Gugg replied that this is an issue that is under investigation. As far as the Coast Guard's ability to stop the movement of vessels, they would only do that on a case specific basis. They have to leave the pilots, the professional mariners, in charge of exercising their best judgment. They will work with the pilot's association to help frame or put on paper some of the issues that they feel articulate prudent operations. The answer to Ms. Weiss's question is no. He is not in a position to direct people not to leave the dock. The bar pilots are experienced and professional people that usually make the right decisions.

Commissioner Brandon thanked all of them for taking the time this afternoon to come to the meeting. There were a lot of concerns about this unfortunate incident. As Commissioner Hardeman mentioned, we do appreciate all that the Coast Guard do the rest of the time besides this incident. The Port's major concerns were our tenants and our staff. The fact that there was no notification of what happened and there was confusion among staff and tenants of what to do. We learned a lot from this incident going forward and we're probably going to change some things. Director Moyer was in an uncomfortable position of closing down the Port versus the staff staying and inhaling the fumes and not knowing what's going on. She asked about the Coast Guard's communications plans with the nine bay area counties.

Capt. Gugg thanked Port staff for their absolute, complete cooperation and some good ideas throughout the response. The Port was one of the many agencies listed as contributing to the response. As far as communications, they learned some lessons. The Coast Guard have some obligations of who to inform. They have quick response card whenever a number of different things occur. They know who to notify. They feel they did those things but they probably neglected to say that we understand you will be contacting the following people. That's one of those things they will work out in the area contingency plan committee work and make sure that all the follow-on communications are made. They have a minimal number of people to notify. Everybody that needs to know is not necessarily going to be notified by the Coast Guard directly. It's that information through the communications tree, below their initial communications that they will be working on.

Lt. Roberts added that there was an incident back in the 1990s with Cape Mohican. Back then, it was either done through flash teletypes or faxes through information center. Now, State OES has taken a mandate since then. It's all an automated process. They are at the state level looking at that and it will be changed rapidly. The Governor has said he will make sure that happens. The glitch that hasn't happened up until now is when there is forest fire in Southern California or we have a train derailment in Trinity County, San Francisco and Alameda, Contra Costa, Marin and San Mateo. They are on the website but they are not specifically notified. This went out when it was reported by the operators of the vessel as happening in Alameda County. As far as those individual agencies, they were specifically notified because the operator notified National Response Center and State OES, per mandate. They said they were leaving Port of Oakland, they hit the Oakland Bay Bridge and it was reported in Alameda County. Now, they are looking at nine contiguous bay area counties. If there is anything in water, they need immediate notification. It's a matrix that's being looked at. It's something that OES takes the blame. It's something that was an oversight. When there's an earthquake, it's projected out. It's being looked at the State level and OES is heavily involved and they want to make those changes. It might be something simple as a programming. It will be addressed and it's been identified. That's how they learn and how they grow.

## 8. CONSENT

A. Request approval of the Port's Annual Operating Budget for Fiscal Year 2008-09. (Resolution No. 08-10)

B. Request approval of the Port's $7.6 Million Annual Capital Project Budget Funding for Fiscal Year 2008-09. (Resolution No. 08-11)

C. Request approval of the Port's Operating Reserve Policy. (Resolution No. 08-12)

D. Request approval of the Port's 10-Year Capital Plan for Fiscal Year 2008-17. (Resolution No. 08-13)

E. Request approval to enter into exclusive negotiations for a Construction Materials Recycling Center for Seawall Lot 352 with Raisch Products, Inc. and S.F. Recycling and Disposal, Inc. (Resolution No. 08-14)

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution Nos. 08-10, 08-11, 08-12, 08-13 and 08-14 were adopted.

## 9. PLANNING & DEVELOPMENT

A. Informational Presentation by Port Staff and Four Development Teams for the 16 Acre Mixed Use Development Opportunity at Seawall Lot 337 and Pier 48.

Diane Oshima, Planning and Development, indicated that the following four teams will be making a presentation today.

- Build Inc.; Cherokee Investment Partners; UrbanGreen Devco, LLC
- Federal Development, LLC; Lehman Brothers; Construction Management and Development, Inc.
- Kenwood Investments, LLC; Boston Properties Inc.; Wilson Meany Sullivan, LLC
- San Francisco Giants; The Cordish Company; Farallon Capital Management, LLC

This is a unique process set up for this particular development opportunity. There are so many possibilities that we have tailored the process to be a two-step process which differentiates itself from past development projects. In so doing, we are crafting so that we have a structured way of bringing in a broad spectrum of community input and perspective for the development teams to take advantage of that information and inform their best proposals. The development concepts that are posted on the Port's website are initial ideas. They are not fixed proposals at this point. The whole point is for the public to be able to give some reactions that will help to inform the development teams. There will be a formal proposal which would be in the second stage of the solicitation process. The Commission also recognized the need to formalize the community insights into this process through the creation of the SWL advisory panel. Some of the members are here today. We feel fortunate to be able to

have the experience and breadth of backgrounds they represent. The chair of the panel is Ruth Gravanis, a Commissioner on the Commission on the Environment. She is a long time environmental consultant and advocate. Her vice chair is Paula Collins, CEO of WDG Venture with lots of development experience both on the profit and non profit organizations. David Baker is an architect and urban designer. The particular perspective he brings to the advisory panel is the sustainability design. Robin Chiang, architect, is the executive Director of Friends of Islais Creek and has been involved in many southern waterfront open space project. Sarah Karlinksy is a policy director with SPUR. She's had lots of involvement in many of city planning policy debates, particularly along urban waterfronts. Tony Kelly is the director of the Potrero Boosters. He brings forward that perspective that's particular to the Southern Waterfront community stakeholders. Amy Neches is the Senior Project Manager at the San Francisco Redevelopment Agency. She's the manager for the Mission Bay Plan development and has been a stalwart staff partner. John Rahaim is the new City Planning Director.

This site is pivotal not just for the Port but it is that joint site between the northern waterfront with historic piers in the southern waterfront where we are trying to maintain our maritime operations and bring some of the natural features that this area affords. It's also a pivotal spot for the City. There are going to be major planning policy and zoning issues. We are very fortunate to have a Planning Director involved. The advisory panel will be receiving the public comments. The whole process is to receive the public comments. In other development projects, normally it would be the Port staff that would have these meetings with the community, take public comments, assess the development concepts and produce the staff report and assessment and recommendations to the Commission for its consideration. In this concept, a lot of that work is going to be carried by the advisory panel where they would be reviewing the development concept. Staff will still be involved in reviewing all the financial and qualifications of the development teams. The advisory panel will be making the recommendations regarding the development concepts. All of that information, from the staff as well as the advisory panel, will be forwarded to the Port Commission for its review and consideration, for the Commission to decide as to which development team should be short listed and invited into the second step of the solicitation process to submit a development proposal.

On March 1, 2008, there will be a public workshop that is geared towards the back and forth exchange that will be helpful from all of the participants' viewpoints. It will be held at the Jelly's Café to affords the public and the development teams to get out on the development site to look at the views and the opportunities that site affords. 16 acres is an abstract concept for a lot of people. This will help inform the discussions. Darolyn Davis of Davis Associates will help staff facilitate the workshop. Port staff will be playing a background role. Darolyn and the advisory panel will be fielding the meeting and inviting the questions to be aired. Staff will provide the Commission the outcome of the workshop at its March 11th meeting. There will be an opportunity to get the Commission's and the public's feedback.

Each team will be allowed to do their presentations sequentially and then open up the public comment opportunity. Each team has 20 minutes for their presentation. As this

process transitions into a development project, Phil Williamson will be handling the project. Byron Rhett, Jonathan Stern, Jamie Hurley, Kanya Dorland and Brad Benson have been helping out. From here on, it will be Phil Williamson and Kanya Dorland. Diane Oshima pointed out that the website which in addition to having all the proposals posted, the Port is also taking comments on line. Even if you don't get a chance to put your thoughts together today or you can't come to the workshop, we have an online comment box so we actively invite people to send their comments and reactions. Within the first half of March, the advisory panel will be having its deliberations. We hope to be back to the Commission with a package of information and recommendation in its first meeting in April.

**1. Kenwood Investments, LLC; Boston Properties Inc.; Wilson Meany Sullivan**

Bob Pester, oversees the operations and activities for Boston Properties throughout the bay area. Across the street, they own the 3.5 million s.f. Embarcadero Center office and retail complex and they have another 40 properties that stretch here to San Jose. They are one of the largest publicly traded office REITS in the country. They have been rated number one by Fortune Magazine as the best real estate company in the country three years in running. They are known for complex mixed-use projects. If you go to Reston Virginia, you can see the Reston Town Center that they have developed and are developing, the Prudential Center in Boston which they are developing and several large high rise projects in New York City. Darius Anderson from Kenwood Investments will be presenting. Kenwood is active in San Francisco along the waterfront. Darius owns the Aquarium and the co-developer at Treasure Island. Wilson Meany Sullivan is best known for developing the Ferry Building and the Exploratorium.

Darius Anderson indicated that they are extremely excited about being here today. This is a high profile project. As they started the internal process about what was the appropriate concept for Lot 337, he went back to his own personal passions because he sits on the board of the Art Institute in San Francisco. He has been an active enthusiast towards art for a long period of time. They wanted to come up with some guiding principles that would help them come up with a decision. First and foremost, they thought that whatever ends up at Lot 337 should be neighborhood serving because the great thing about San Francisco is that the neighborhoods drive this City. As anyone knows that goes ahead and works in San Francisco and is active in San Francisco, it's the neighborhood organizations that are key and crucial to what happens in this City. Their design will create a new neighborhood across the bridge. Secondly, understanding that this will be the gateway to Mission Bay, they worry about the use, the look, etc. They believe they've come up with a concept that will address the look and feel what they think would be appropriate as they go through the gateway of Mission Bay, Thirdly. Because of the complexity and the beauty of San Francisco and its diversity, it's imperative that the Port had a local team that knows how to develop and work the process in the City. Everyone involved in this team has done complex land use projects, multi-faceted Treasure Island, Ferry Building. One of the things they looked at is they started talking to arts organization because they honed in on this concept of art organizations. They talked to a lot of them including the Black Rocks Foundation, which they don't have a relationship with as of today

but they talked to a ton of them to see what their interest was and to understand the dynamic for artists in San Francisco today. Being a tenant of the Port as well as being an owner of the Aquarium of the Bay, they looked at what the land use and they've been studying what happens as tourists come to San Francisco and as they migrate from the northern port to the southern port and if they start at Ghirardelli or Fisherman's Wharf, they go to Pier 39 and the beauty is that the Ferry Building has now become the natural progression and they felt that whatever goes into Lot 337 should be a complement to that experience, not a competitor. It's very important that whatever it is, it complements what's happening all the way from the northern to the Ferry Building and tying it through Lot 337. They went ahead and looked at art. Art has a tremendous history in San Francisco, starting off in 1849. The founding fathers of art in San Francisco understood that art place is a key and crucial aspect of a vital community. Even though all of the people are not born in San Francisco, Diego Rivera who was here for the 1939 World's Fair and we've studied because of the fact that they are developing Treasure Island had a huge impact on artists, illustrators, stack pool of what he did at Coit Tower. We have a legacy here that needs to be protected and the fact of the matter is that with our booming economy, we are pricing artists out of this market. The next question was, can art be a destination location like the Ferry Building and Pier 39? What they found in looking throughout the rest of the country, is it is and it's a vital part of these communities. Fremont in Seattle, Sedona in Arizona, the torpedo factory, Pilsner in Chicago and Red Hook in Brooklyn. These are all vital locations that are tourist destinations as well as reach out to a local population. That is one of the key factors they felt. They cannot just go ahead and be, with regard to the land use, a one use. It has to reach out to both tourists and people from around the bay. But it has to be used by San Franciscans. They felt that art is the right solution. They thought about it and they came up with a number of different concepts. They started meeting with artists. They realized that because of the market and because of what's happening in studio rents, there has been a creative brain drain and that a tremendous amount of artists are leaving San Francisco going to Oakland and other places. They can no longer afford to both live and work here. Many of them live here but they have to commute across the bay to Oakland to have a studio. They don't think that is right. They felt that with the land use and the right blending, they came up with a package to address the preservation of the arts community in San Francisco. There are seven items that they think are key and crucial to the vitality of the arts community in SF. 1) affordable, studio rehearsal and gallery space for artists. They are currently working with the pro forma and they hope to continue to provide tremendous income for the Port but at the same time, providing something that is affordable that keeps people local. 2) Affordable housing – we have 20% affordable housing quotient. The reality is San Francisco has a lot of affordable housing but the fact of the matter is artists don't live in those spaces. They don't want the developer to decide what happens on those spaces. They want a non profit to come in and a percentage be mandated that it actually goes to artists and not allow the developer to make that decision. 3) Installation spaces – they talked to a lot of organizations that have been priced out of this market. There are so many amazing communities such as the Dogpatch, the Mission, the Haight that all have these vibrant communities creating art. They need places to show installations, new movements, new things that are going on in the art community. They are going to have spaces that are dedicated to those individuals. Wilson Meany created a market that happens on Tuesdays and

Saturdays. It's become vital for both tourists and locals alike. Everybody comes to get their fresh produce. They want to do the same thing for artists. If you can't afford to have a permanent gallery or if you're a part-time artist, they want to create a market that will be affordable, a low price point that no matter who you are, you will be able to participate in the destination location. 4) Community performance space. Instead of doing a large theater, they hope to do a 500-seat theater that looks at those community organizations that have been dislocated in San Francisco and giving them a place to call their own and have regular showings as well as bringing in outside talent but using it as a resource and asset for San Franciscans. 5) Innovative Design aspects – they've worked with amazing artists over this process especially Ned Kahn. Ned is an innovator, thought provoking. Every space, if it's the parking garage, the side of the building, they want it to be a tablet for new art. Every space should be used and managed properly.

Dan Sullivan indicated that it's a privilege for them to be first and it's a privileged to be asked to think such a significant piece of San Francisco urbanism. It's an incredible privilege to think about a setting for the outstanding innovations in environmental art that are occurring in our region. He started with a simple drawing about a simple idea that is the basis of their proposal. That is to build a piece of San Francisco that in its physical configuration and its economic structure provides a home for the San Francisco art community. That home includes a series of public spaces, some open, some enclosed which have a special kind of life in them through the vitality of the artists particularly the environmental artists of our region. The central art space begins with a welcoming plaza where the Third Street Light Rail stops at Channel Street. It continues down Channel Street, past two parking structures, wrapped with kinetic wind screens by the amazing artist Ned Kahn. It terminates in a crescent shaped public space that functions as an outdoor workspace, as installation space and a festival space for artists workshops that surround it in the crescent building on the plaza and a reuse of Pier 48. The great water space between Pier 48 and Pier 50 is part of the art space, defined on its eastern edge by what we have named tree boats. The water space is a venue for environmental performance art. The tree boats and the installations in the water move easily and accommodate the continued tugboat operation at Pier 50 which is also a welcome of the rich scene. He showed an overall plan in the setting of Mission Bay, McCovey Cove and the ballpark. The zoom in to the central sequence of public spaces now set in context, terminating in the Crescent plaza and the water gardens. It also shows their other major public spaces. First is the edge of McCovey Cove on the north. In their proposal, they keep all of the existing McCovey Cove improvements and proposed adding large elements of environmental art to them. They believe that City Building should be based on the accretion of layers of stuff over time and not begin anew each time someone has a new idea so that preservation and enhancement of what has been built is important to them. Junior Giants Field, the Willie McCovey monument, the various plaques and inscriptions that are of great significance to the people who created them. The other public space sequence is a series of linked smaller mid-block courtyards, half a level above the street, a more intimate counterpoint to the grandeur public spaces and smaller venues for performance art and for art of all kinds. At the northwest corner of the site, terminating the vista from the Lefty O'Doul Bridge as you drive south, they propose a 500-seat performing arts venue on top of a major

restaurant on the McCovey Cove plaza. The rest of the master plan is a grid of 240 by 560 foot typical San Francisco blocks that permit phasing, multiple participants and the inevitable modification of a development program over time. He showed a drawing showing the basic meshing with low-rise buildings up to 65 feet, two office mid-rises at Third Street and a 300-foot green residential high-rise tower located at the northwest corner with the basic development program listed on the side of the slide. The ground floor plan shows active uses at all the edges of all the public spaces, retail restaurants and including 78,000 s.f. of artists studios opening out onto the crescent plaza. The typical upper levels showing the residential and the office spaces are the economic engine. The revenue generating program subsidizes the public spaces and the art components of the proposal and provides a continuing revenue stream to the Port. The next group of slide images show that their proposal is a firm armature of public space capable of receiving the inevitable evolution and changes of a development program over time. Each of their blocks can be built independently, each provides its own parking. Each can have a different architect and they can be built in almost any order. These images show that program alternatives can respond to a variety of public interest over time without altering the integrity of the plan. Because the blocks are independent, they can change the end of the story even after the beginning of the story has been written. Every aspect of their proposal, the emphasis of the permanent art installations, the buildings, storm water detention under all the open spaces, the relationship of the public spaces to transit are far informed by ideas of sustainability. In addition to meeting the now and expected and conventional LEED criteria for green building, they take inspiration from spectacular installations by local artists to give vitality to the architecture itself, wind turbines, sun control animating facades, kinetic photo voltaic that follow the sun across the sky, whole facades that shimmer in the light and the wind. The plan takes advantage of the excellent public transit facilities that are in existence or are planned in the neighborhood. As they've shown the plan is organized along the T-Line light rail station at Channel Street and Third. It is also served by the new central subway line to Chinatown, the Caltrain station, and the Embarcadero Muni lines on King Street. There are two parking structures and other parking locations on the site capable of shared use for evenings and weekends, offering 1500 spaces within the new development. In addition, there are over 30 parking locations nearby. They strongly believe that parking is more than ample given the transit options that it itself should not drive the development proposal. This is the heart of their scheme. The Pier 48K leading to a public plaza. The plaza is composed of 4 stories of housing over artists' studios which have glass overhead doors opening onto the working space of the plaza. The water space in front of the plaza is a venue for performance extravaganzas by environmental artists of many sorts. Pier 48 is the kind of space that artists dream about as a place to work. The other main public space is the edge of McCovey Cove facing the ballpark. All of the existing improvements remain and they add a great row of Ned Kahn's beautiful wing nets that animate the space while it dissipates the energy of the wind and provide shelter. He showed a drawing of the 500-seat performing arts pavilion over restaurants and galleries that line the boulevard and the landmark green tower anchors the end of the street. They see art based on environmental phenomena emerging from the confines of gallery space to become the life force of new public spaces for the citizens of SF and for those who admire and visit our city.

Mr. Anderson indicated that this is not just an RFP and a bid for a piece of land. They believe that this is a public policy decision about the preservation of something that's lost in San Francisco that is near and dear to all and that is the arts community. They have the team that can implement the vision. They have the financing. They know how to do this. They hope that as the decision is made by staff and the Commission, they will look at this not just as a land decision but a real public policy decision because if they do it right, the rest of the world will be looking at San Francisco and ask, What are you doing to save the lost culture, the artists, who are moving out of the city? They have a website called Art First san Francisco that will go up live this afternoon. They will continue to listen to as many organizations as they possibly can because there's no way that they can touch every single artist. They have done so over the last weekend and the last months but will continue to do so.

**2. Build Inc.; Cherokee Investment Partners; UrbanGreen Devco, LLC**

Lou Vasquez, President of Build Inc. He complimented Darius Anderson on his vision of art as a magnet for this site. It closely reflects their own view. They also believe that this could be a wonderful, cultural magnet. Over the past couple of months, they've composed an extraordinary group of planners, architects, neighbors, artists and engineers in what they envision as a first step towards the renaissance of the Port lands. As a catalyst for new urban neighborhoods along San Francisco's eastern waterfront stretching from China Basin to Candlestick Point. Their group consists of 5 prominent artists: Jim Jennings, John Kriken, Peter Pfau, Stanley Saitowitz, and John Worden; two extraordinary development partners: Andy Stewart of Cherokee Investments, Dan Murphy of Urban Green Development; the engineering firms of Sherwood Engineering and ARUP and CMG Landscape Architects. They had valuable input from David Meckel from the California College of Arts, Joe Boss, Steve Vettel, Mark Johnson, curator of San Francisco State University Museum and Christopher Verplanck.

When they decided to pursue this project, they assembled this large and illustrious team in order to hear from voices from the design, planning and cultural communities and start to incorporate these views into a collaborative vision. Part of the process they go through for every project is the gathering of ideas and perspectives. Their project is anchored by an iconic 450,000 s.f. green tech, clean tech commercial building facing China Basin, 905 for-sale residential homes and two towers, 700 apartments in a series of mid-rise buildings, a contemporary art space flanked by artists work spaces and a wholesale market on Pier 48 and 100,000 s.f. of ground level retail and commercial space lining a central pedestrian boulevard. There will be 1800 parking spaces in 3 underground garages to serve the people living and working on this site. The site is porous with short blocks and numerous points of entry. Access are lined to provide view corridors with large open spaces oriented to provide sunny protective alcove along the water. They've included a site for the relocation of Teatro Zinzanni and a floating public swimming pool between Pier 48 and 50. During the entitlement process, the Port will hear many voices representing many points of view. They listened to all the voices. Simply put, that is what's needed to create a successful project in San Francisco. All of their team members are local and share a

love for the City and desire the best result for this critical site as they strive to create a prototype for urban development in the 21st century.

They will consider the diverse needs of San Francisco including a range of designs, affordability and economic strategies. They see the creation of a large cultural space and artists workspace at Pier 48 as critical to the repurposing of this pier and this site. They also know that the needs and concerns of the Giants will greatly inform the development of this site and will greatly welcome and encourage their participation. While their proposal lays out a rather specific and economic urban plan, they are aware that the final product could be different from the conceptual version. They also understand the interactive process of participatory design, consensus building, approvals and negotiations that must occur in order to be mutually beneficial to the Port and the City. As a matter of fact, they are experts at this process. The site will be visible in the national media every time a baseball is hit into the water behind left field. As those cameras pan across the horizon from the Bay Bridge, they have a marvelous building demonstrating San Francisco's commitment to sustainability in the future.

He showed a drawing of their green tech, clean tech building. Their ability to marshal the financial, technical, architectural and other resources necessary to create a stunning 21st century neighborhood at SWL 337 and Pier 48 makes this ideally suited to lead the effort to develop this site. The bottom line is the bottom line. Their strategies mean nothing if they can't bring the Port the greatest available economic return, albeit a responsible and thoughtful manner.

Jon Worden, Architect, indicated that their proposal for SWL 337 and Pier 48 is the work of local architects, planners, and landscape architects, engineers and developers. Their diversity is a reflection of the City and a projection of their hopes for this significant site. The site's prominence, visibility and proximity to more vital and intact part of San Francisco's urban fabric make a perfect beach head for the diverse character of urban San Francisco to reassert itself and infiltrate the often monolithic inward oriented and block size projects that characterize Mission Bay. As their proposal evolve, they identify the series of common principles which serve as the basis of their collaboration despite their diverse viewpoints. These common principles derived from their mutual appreciation of the traditional urban design patterns that are emblematic of the best of San Francisco. They form the foundation of their proposal. San Francisco is a city of colliding grids divided by long axial streets, Market and Columbus are the most prominent among them. SWL 337 lies at the conjunction of two of these colliding grids. One of their first moves as a design team was to extend the South of Market grid across the Lefty O'Doul Bridge and diagonally straight through the site to the water. Crossing this strong axis with this grid of Mission Bay not created the wealth of interesting and diverse building parcels but gave rise to a lively mix of open spaces, pedestrian esplanades and city and bay views into and through the site. San Francisco is an interconnected city rich in transit. SWL 337 has access to a wealth of transit opportunities and the second diagonal link to Muni stop at Third and Mission Rock into and through the site to the waterfront. Transit itself depends on a dense and diverse concentration of people and activities. At that SWL they are proposing an integrated extension of San Francisco's neighborhood life in all

of its richness and diversity. It's not a single project but an evolving part of the urban fabric.

San Francisco has always been a port city surrounded by water. Yet too often in our history, the waterfront has been largely inaccessible to citizens. The seawall lot is a rare opportunity to bring all of the diversity, interest, and intensity of urban life into direct contact with the waterfront without the intervention of a major through street. They've created a pair of loop streets centered off Channel Street at the center of the site. As such, it forms a significant note in the proposed blue greenway trail system that links China Basin with Candlestick Point. Every memorable neighborhood in San Francisco is made up of diverse blocks of buildings of different sizes, types and ages and conditions. While a new project cannot instantly create old buildings, it can work to create a variety of parcel and building sizes and types. It will allow the neighborhood to develop and evolve as a diverse assemblage. In their proposal for SWL 337, they've established a series of distinctly different blocks, parcels and programs and assigned each of the different parcels and blocks to a different architect to study. The result as it evolves would not be a unified design statement or even a project in the traditional sense but a site specific urban assemblage reflecting the great city which it is a part and one which will continue to be able to evolve on a parcel by parcel basis into the future.

San Francisco has always struggled to accommodate large parking areas into the fine grain of its urban fabric. This is true of single purpose parking lots. Their approach for parking for this project is think of it as a reservoir serving this site and to create three primary parking garages divided by the public loop streets. The three patterns create these three subterranean parking reservoirs and three primary points of access for convenient access under normal usage and separate queuing during special events.

One of San Francisco's greatest delights are the many small lanes, byways, stair streets and passages that subdivide the basic grid and provide interesting shortcuts through the tunnel. However, some of the greatest benefits have nothing to do with pedestrians and everything to do with maximizing light, air and access to buildings and their occupants along the way. At seawall lot 337, they've adopted this pattern in order to provide many and diverse ways for pedestrians to move to and through the site, making the walk from the garage to the stadium and back a grand promenade along the Lefty O'Doul Bridge access, making the water visually and physically accessible from Third Street and in the process maximizing natural light, ventilation and access to buildings and residents along the way.

In San Francisco, the shape and character of open spaces between the buildings are often more far important than the buildings themselves. Their approach to the project's open space was to create a diverse integrated and evolving space outside as diverse as they hope to create the ones inside. The lefty O'Doul Bridge access divides the site diagonally creating two triangles. The triangle close to Third Street is the most urbanized. The other triangle closes to the water and the northeast is the least urbanized and the most open space triangle. Buildings in the more urbanized triangle form a wind break to the waterfront and yet allow sun and open space for most of the day.

Pier 48 is an integral part of the open space and activity area of the project. They are proposing a public flower mart with growers, greenhouses on the rooftops. Artists, studio spaces over galleries along the two wings, opening onto a central gathering space and arts exhibition space at the end of the pier surmounted by a vaulted roof. The perimeter walkway around the pier will link the studio spaces ferry access and a proposed outdoor pool and a barge between Piers 48 and 50.

San Francisco is working hard to realize the potential of urban areas to be the most efficient of human communities and not their opposite. Underpinning their proposal for seawall is the desire to give back to the environment as much or more than they remove. In their initial studies, they've discussed what is possible on a site-wide basis as well as in a building-by-building basis. Site-wide, they focused on two primary areas: water and energy. Water system ideas ranged from separate grey water systems, linked to onsite treatment, integrated stormwater catchments, green roofs, runner along all the pedestrian ways, wetlands and cisterns underneath the buildings and within bladders in the bay, culminating in a water tower, 100-foot tall cylinder living machine topped with PV cells to serve as a wastewater treatment vertical farm which is located at the center along Mission Rock. Energy systems range from the obligatory natural ventilation, photo voltaic arrays on the building tops and culminating in an energy tower as part of the green tech incubation facility topped by wind turbines and featuring evaporated cooling and geo formal power for the green tech facility.

Viewed from the water, they hope that the diverse forms and spaces shown on the study model are evocative not just of the diverse extension of our city that they hope to create but of the ongoing process that is the only way that great cities ever evolve, participatory, collaborative and evolutionary.

Andy Stewart, Cherokee Investment Partners, indicated that they will contemplate investing the equity necessary to undertake this business plan. Cherokee is a leading private equity firm investing capital and expertise in the sustainable, redevelopment of complex urban projects throughout the world, oftentimes those plague with some form of environmental contamination. For more than two decades, Cherokee's executive team has produced strong financial returns to their investors while also delivering positive, environmental and cultural outcomes to the communities they do business with. Cherokee has invested in more than 525 properties worldwide since their business started, many in California. They have a strong focus in the Bay Area with one asset under development currently in San Francisco surrounding San Francisco, Richmond, Vallejo and Oakland. They currently have about $2 billion under management in their private equity format and they are currently investing their fourth private equity fund which consists of $1.2 billion of discretionary capital. The economic approach that Cherokee deploys in their project consists of a lot of key elements. They look for co-development partners, partners that are on the ground. They are capable, share the business philosophies that Cherokee has succeeded; shares the level of integrity they operate in a business environment. They are pleased to be associated with Build Inc. who they have been talking to for over a year and looking for opportunities to pursue together. Also with Dan Murphy with UrbanGreen

Devco who is their partner at their downtown San Francisco project. Cherokee also looks at projects on a two-prong bifurcated approach where they look at developments separate and distinct from the vertical development. Usually with very complex urban projects with a variety of uses, retail, commercial, residential. It is important to look at the entitlement and the grading and horizontal infrastructure construction separate and distinct from the vertical development where they can maintain flexibility in their entitlement approach and ultimately look at parcel by parcel exit strategies. Cherokee has a strong confidence in placing public financing throughout their project which is largely driven by a strong focus on public/private partnerships. Ultimately, they look for projects where they can align their interests with public agencies such as the Port and also the communities where they do business with.

Loring Sagan, partner with Lou and Doug and Build Inc. indicated that they have been on the Dogpatch area for about 10 years. They've looked at Pier 70 and were amazed by what's possible. They became part of the community as they are developing the project they are currently working on. They realized that this is a world class opportunity. The whole eastern waterfront who passed its first life and going into its next life. This is such an important part of the city and the community that it deserves world-class attention. As they start doing their homework and laying the groundwork of what might happen at Pier 70 someday, they thought they should do something extraordinary. They have extraordinary talent in San Francisco. They had an experience with the Octavia project where a group of five architects came together and designed a project that is different than any one of them would have done but it turned out wonderful. They thought they could do the same thing at the SWL 337 with the local talent. They have friends they know are extraordinary. Something extraordinary can happen. This is an amazing opportunity. Their team started getting together several months ago, working together, collaborating together. This plan is not linear or irrational. That's what makes San Francisco what it is and diverse. Cities don't grow in linear or rational ways. They grow organically. This plan is not the plan. It's a first step of what could happen with the collaboration of their team, the community, the Port, San Francisco government. It's a process that they have initiated that will lead to something extraordinary. Whether they get it or not, they hope it's something that is extraordinary for the city, the site for the Port. There's an economic component that they are creatively integrating as the design, the architecture, the planning, the arts, etc. Hopefully, it will reflect the enthusiasm, the passion of this amazing team brought together to do this.

**3. San Francisco Giants; The Cordish Company; Farallon Capital Management, LLC**

Jack Bair complimented Port Commission and staff on all the considerable efforts that went into reaching this milestone. He represents the San Francisco Giants, the Cordish Company and the Farallon Capital Management. They are excited to embark on this voyage with the Port to transform SWL 337 into one of the best public spaces in the country. Currently this site is an asphalt surface parking lot and a padlocked pier shed. Tomorrow it could be San Francisco's next great public destination, anchored with an extraordinary waterfront open space. This season, the Giants

celebrated 50 years in San Francisco. Over this time, 80,498,713 people have attended Giants games with their families and friends. They are part of San Francisco, its history and its future. They are a team of first, much like San Francisco itself. The first African American manager, the first Asian player, the first team to step forward proudly and visibly in the fight against AIDS, the first team in the modern era to privately finance the ballpark. The Giants have a far reaching community impact. They fund after-school sports programs in the public schools in San Francisco and they underwrite the Junior Giants program with over 13,000 participants in Northern California alone. The Giants are the driving force behind this plan. SWL 337 is part of their every day experience. It is critical to their future. With so much on the line, they've selected their partners carefully and strategically.

The Cordish Company is one of the most respected developers in the nation. Cordish is particularly known for breathing life into urban spaces. In their hometown of Baltimore, they were a major force in revitalizing the inner harbor, one of the best urban waterfronts in America. Cordish has won more prestigious ULI awards in excellence than any developer in the world.

Farallon is a sophisticated San Francisco based business that is heavily involved in the neighborhood and the City. Farallon is helping to transform Mission Bay. They are responsible for making over $400 million in infrastructure improvements and creating an open space network that will support 6,000 housing units, office, university campus and hospital. Together with the balance of their team, they have the knowledge and the dedication needed to accomplish the Port's financial and public objectives. They are uniquely qualified to bring success with deep-rooted local knowledge in the regulatory and political environmental, substantial development experience in urban and waterfront locations and impressive financial strength. They are the team that can deliver and can help the Port realize its goals and improving not only this portion of the waterfront but leveraging this project to finance other waterfront improvements as well.

He introduced Cathy Simon and Karen Alschuler. SMWM is a San Francisco based firm with a long history of working collaboratively with public agencies and the community on projects such as Pier 1, Ferry Building and Mission Bay. Assisting them is the New York based firm of Beyer Blinder and Belle. BBB is involved in important projects of significance of meaning such as the World Trade Center rebuild in New York and the restoration of the Apollo Theater in Harlem. He also introduced Brian Jencek, a principal with Hargreaves Associates in San Francisco, a San Francisco based firm known throughout the world for its waterfront parks, from the park at Sydney's Olympic Village in Australia to their own Crissy Field.

Karen Alschuler indicated that the design and development concept that they present today as a beginning of their conversation, hoping to extend that in the development of this site is built around a 5.5 acre waterfront park. It's enlivened by a diverse mix of uses that spills out from the buildings that surround the park. It gives life to the spaces and the streets within the development. Because of that mix of uses and commitment, they can ensure a vibrant and viable new destination for the city on the bay. They began their effort by drawing on their depth of experience in this area and

along the whole of the San Francisco waterfront. They've worked towards a plan that is of place and of its time but at the same time, demonstrates their high expectations for the next generation of waterfront places that will bring the city to the bay. They've been very intrigued by the history of this site; how it's evolved from being Mission Bay to the site it is today. In doing that research, they're particularly intrigued by this Chevalier map of San Francisco from 1915. What inspires them is the powerful role of the rail moving north towards the corner of this site which is reflected in the organization of their plan and the orientation of their buildings. They see the freight slips as they reach out previously into the bay and brought people to the water which is an inspiration for their approach to the promenade. They are inspired by the links of this site that has always been powerfully linked to the rest of the city and the region. Mission Rock is the inspiration for the name of this new district and it is still with us today underneath Pier 50. As they began their work, a number of drivers guided them towards their plan: (1) In terms of place, they felt that this place should be distinguished by landmarks that are known to the City. Very important landmarks such as the ballpark, the Lefty O'Doul Bridge, Pier 48 and the great park that they are proposing ought to be embraced by those landmarks. They next looked at completing that frame, putting additional new beautiful buildings against that park and spilling out uses onto the park to provide the firm that would create this great place. Urban fabric is an area where they are committing to the Port that would provide a tapestry of small blocks, streets, view corridors that always lead to the bay. If you take that tapestry or fabric and compare it to the plan they are proposing, you can see that they've achieved a fine grained urban district, one that will bring people irresistibly to the edge of the site, whether it's the cove or the bay. They've taken the Mission Bay blocks, the scale of them, and broken them down as they approached the water, taking a responsibility to bring people to the water positively on this site.

They have a great park of 5.5 acres which is part of an open space system that adds up to a little over 7.3 acres which includes the small parks and pedestrians ways on the site but none of the green roofs. They have Pier 48 along with a park and ten city blocks. These blocks in the northern end of the site embrace the public space with music, events, retail, restaurants, second floor uses that spill out and bring life to that space and good urban living in this northern part of the site. Every block at Mission Rock has a mixed of uses and has a lively face onto the street. On Third Street, they bring a gracious complimentary mixed of living and working uses that will give a great new street in the city. At Channel Street, along the middle of the site, they introduced their office uses into that part of the site and lined them along Pier 50 because they feel the office would be a robust neighbor to the Port's continuing activities on Pier 50. At the southern end of the site, they provide a parking resource, wrapped with retail and with residential uses. These parking resources allows them to realize their goals of being a pedestrian-first design in a transit-first district. It means that all of the other buildings within Mission Rock are freed up from having parking on their ground floors and can bring active and lively uses down to the street. The incredible shrinking footprint of ballgame parking. It means that from 2001 soon after the opening of the ballpark to their proposed plan, they are proposing a tremendous reduction in the amount of land identified with parking but still being able to serve all the needs on the site because they are focusing on shared use, creative marketing of these uses and the mix, game day savvy and management that would mean they can

build and operate this development with no more parking than any similar transit-first district in the city. In summary, with the Port's help and with the active community in the city, they will create an authentic San Francisco destination of its people, its intellectual capital, its particular taste in arts and performance and its experience of the bay everyday.

Brian Jencek indicated that as San Franciscans, we love our waterfront parks. From the windswept expanse of Crissy Field to the historic Golden Gate Park to the soon emerging waterfront parks of Hunter's Point in the Bayview communities, the northern, southern and western waterfront communities have much to celebrate. Today, we take our first steps together toward creating a truly great waterfront park for the central waterfront community. Having worked together with the communities of Crissy Field, Bayfront and Hunter's Point Parks before, they approach the urban and landscape design of Mission Rock with a deep understanding of San Francisco's necklace of waterfront parks. San Francisco is expanding southward and with this urban growth, they see a great need for a new type of public open space on the waterfront, an urban waterfront park. A park connected directly to the urban fabric of our city. Mission Rock's open spaces will also function at the scale of the neighborhood serving as a gateway to the Blue Greenway as well as the Mission Bay community. The open spaces at Mission Rock offer unprecedented opportunity to reconnect the Mission Bay community to the waterfront through initiatives such as the Bay Trail program and through pedestrian friendly connections to Mission Bay's emerging open space network. The Mission Rock's circulation system is largely pedestrian, linking the community to the waterfront through a network of urban plazas, lanes and streetscapes within the district. They envision a landmark waterfront park. A vision made possible through the consolidation of open space to the waterfront and the removal of the northern section of Terry Francois Blvd. This consolidation of open space to the 100% corner capitalizes on the site's unique waterfront position in the city. The removal of the northern section of Terry Francois capture significant site area for public open space and allows a direct connection between the Mission Rock district and the waterfront park. From a sustainability perspective, it is this direct connection that enable stormwater collected from our development, roofs and streets to flow northward through the streetscapes and bio swells to the parks, wetlands for treatment, storage and reuse.

Mission Rock Park is an active place with a myriad of public programming opportunities. The park's programming design locates active programs near the Lefty O'Doul Bridge urban gateway and transitions to more passive and recreational activities as the park widens eastward toward Pier 48. Some of the existing park features include market place plazas, gardens with native plantings as well as Junior Giants ball field. The Mission Rock promenade is a device that enables visitors to reconnect and experience the water in a wide variety of ways with features such as kayak launches, promenade amphitheatre and dramatic overlooks. The dynamic geometry of this promenade has been designed specifically to orient views to other waterfront landmarks such as the ballpark, the Bay Bridge and Yerba Buena Island while at the same time giving the central waterfront a unique identity piece. The Mission Rock main lawn is envisioned as a flexible green providing intermittent settings for performances and events at the scale of the city up to 10,000 people as

well as daily setting for passive recreation and relaxation. The Mission Rock open space design also anticipates a significant public art program with placeholder locations for environmental art installation along the promenade. Framing the park's southern edge and along Pier 48, café terraces and exhibition spaces will spill out further activating the open space. Mission Rock Park is a place for everyone, a place in the city where families can enjoy a waterfront picnic, a place where our visitors can rent a bicycle and enjoy the bay trail and a place for children to play. The central waterfront is ready for its truly great waterfront park.

Cathy Simon, SMWM, indicated that Mission Rock celebrates both the future of this part of San Francisco and its past by incorporating Pier 48 into the heart of the design. As a publicly accessible building, this building was built in 1929. It's a very distinctive pier but historic just the same. Its classy front allows a wonderful interaction with Mission Rock Park. They propose remodeling the pier according to the Secretary of Interior Standards as they did with the Ferry Building and Pier 1. They see Pier 48 as an amazing opportunity to animate the building with new uses, festivals, art exhibitions, markets, civic events. The pier apron, no longer available to public use, will be rebuilt and open again for many activities – walking, boating, swimming pool, fishing, bay history walk, water taxi landings, etc. They propose a conference center, a multi-use center for public and special uses at the end of the pier. Weddings, civic events, family parties, slow food events, colloquia and conversations of all kinds. They think of this plan as an invitation to all San Franciscans, either old or young, families with young children or people just starting out. They return to the plan just to remember some of its features, its small, inviting, and pedestrian tree lined streets, its focus on each of the streets, either on the bay or on the maritime uses such as Pier 50. The ground floor uses, local and regional businesses that open up so that the streets are always interesting and always animated. People will live here which means it will busy all year round, 24 hours a day, seven days a week.

She showed two parts of the project, looking at Channel Street which is in the middle of the plan and opens to the space between Pier 48 and 50. They start with a music hall which is the center of their project. It celebrates the history of bay area music, its invention, its incredible creativity with up to 6,000 seating for many kinds of events such as music events, art events, performance events, etc. including colloquia and discussions among the community members. They've carried it up to the second floor allowing the first floor to be always busy and interactive, opening to the small plaza and small park in front of the music hall. Turning down the next street to the left, they have a vintner's alley which is a street much like Belden Alley in the northern part of the city. A pedestrian street that focuses on uses that spill out into it, a day and night kind of space, lit beautifully, very inviting with the ballpark at the end of it.

Jack Bair indicated that we are fortunate as a city to have added three world renowned projects along the waterfront in the last ten years: Crissy Field, the Ferry Building and the ballpark. With the Port's permission, we can create another waterfront landmark in San Francisco. Mission Rock Park can be San Francisco's next great open space for our families, a destination inviting to everyone; a place where we can celebrate the water and our history together. SWL 337 is not just another parcel of land to them. More than 50 years remain on the ballpark lease. They

are here to stay. Farallon is helping fulfill the promise of Mission Bay. They simply care about what happens there. It is their neighborhood. They have been active participants in the community; not just now but for more than a decade. The ballpark was a catalyst for Mission Bay. The neighborhood has now grown and blossomed. For years, they have interacted with the community, participating in countless community meetings, public workshops and planning sessions to make sure that their neighborhoods work well together and grows gracefully. This is why they understand their neighborhood and worked hard to produce a proposal that reflects the voices, values and needs of the community. They also have a long and successful working relationship with the Port. Together, they produced the ballpark and transformed part of the waterfront of San Francisco. In some manner, they interact with the Port almost everyday. They have shared great moments in our life together from the groundbreaking ceremony to the All Star Game. Behind the scenes, they have done the hard work together. Any development of this magnitude in San Francisco will require extensive collaboration with the community, a willingness to listen and take criticisms and to respond and change. It will require dedication and perseverance but this effort would be worth it if they create another great landmark along the waterfront. They look forward to working with the Port in the months ahead so they can create the next great open space and the next great district in San Francisco.

**4. Federal Development, LLC; Lehman Brothers; Construction Management and Development, Inc.**

John Infantino, President of Federal Development, a partner with SWL 337 partners, indicated that their team includes Federal Development, Lehman Brothers and Construction Management and Development (CMD). They are a national development firm specializing in the master development of public/private partnerships throughout the country and internationally. Lehman Brothers is their investment partner and a principal, a household name in real estate investment. CMD is their construction manager as well as principal partner. Their team organization is extensive. The local team members is lead by Barry Freeland, senior project manager in the bay area.

Their focus is public/private partnership. Their goal is to add value through the redevelopment of underutilized public lands for their public partners and their approach is to create sound financial plans and equitably share their financial successes with their public partners. They operate on an international level as well as locally. They've created over 20 partnerships with municipalities, counties, Federal agencies, national and foreign governments. They bring to bear the ability to bring good ideas and opportunities they've learned around the world to the bay area. Their project experience includes over 30 projects globally. They've provided a $35 million building at no cost to the National Guard in exchange for the use of real estate rights for a mixed-use development. They understand creative structuring and fair sharing with their public partners.

Their development projects in California include the resort at Del Rey Oaks in the Monterey Peninsula and also Castle Commerce Center in Central California. Del Rey Oaks is a $500 million mixed-use resort complex overlooking the Monterey Bay

including hotel, residential resort, office and condominiums on a former military base. They were recently a finalist at the Presidio Lodge where voters voted them as the number one architect for that team. They believe in a democratic process when it comes to competitive bridge. Castle Commerce Center is a 500 acre mixed use aviation and commercial development project valued at over S1 billion and they currently own and manage over 100 buildings at that site. Their companies completed over 20 waterfront development so they understand waterfront development. They have 15 waterfront communities under development currently on the Pacific, Atlantic, Mississippi, Caribbean, Adriatic, South China Sea, the Chesapeake Bay and the Venice Lagoon. They understand what waterfront development means to a community. They understand what it could mean economically to their public partners. With 29 master plan projects in their portfolio, they bring local, national and international experience operating at 8 time zones and can answer phone calls 24 hours a day.

Lehman Brothers is well known in California and around the world as a global investment partner. CMD is an active San Francisco construction management company known for such projects as Pacific Park Plaza and 200 Brannan Street. Their local development team consists of their project architect, C.Y. Lee Architects, Patri Merker, local Architect, Guzzardo Partnership, landscape architect, historic architect, Page & Turnbull, legal counsel Gladstone and Associates and Gibson Dunn and Crutcher, planning consultant Matt Taylor, former San Francisco staff planner, construction engineering team, CMD and Swinerton Builders, BKF Engineers and DMJM Harris, traffic engineers. Marketing team includes NAIBT Commercial and Polaris Group for residential development. Community Outreach team: Barbary Coast. Local Developer Associate: Derek Smith. CP Wang is internationally known here and throughout the world for Taipei 101, where he designed the tallest building in the world. Locally, he designed the Candlestick Point Waterfront Development Park. Patri Merker is the local architect. Dana Merker is well known for Hills Plaza, the InterContinental development and Union Square. Guzzardo Partnership is known for Point Tiburon, Miramar and Tiburon Park. Page & Turnbull are known for their historic experience from the Ferry Building to the Old Mint, Pier 5 and the Fairmont Hotel.

Their land use program includes a mixed-use development consisting of hotel, office, residents, theater, entertainment retail, neighborhood retail, public and private open space consisting of 1.2 million s.f. of which 75% of their property is proposed to be open space. Pier 48 is envisioned to have both perimeter uses, public walkways along the edge, kayaking and launching, berthing for shallow drift vessels. Interior Uses: pre-seaport plan amendments include boat repair, restaurant, chandlery, maritime related offices, maritime exhibits. Post seawall lot amendment includes exhibitions, meeting space, retail uses, artists studio. It's not always the money but sometimes it's about the money from a financing plan with Lehman Brothers as part of their team. They have a strong financing plan that will evolve as they move forward in the process. It includes the opportunities to share between $5-$8 million in revenue with the Port.

CP Wang indicated that he is not thinking of the tallest but he's thinking of the greenest. When they looked at the site, they are thinking how to do something that is different. Mission Bay is a wonderful place; it's under construction right now but the open spaces they see, we can have more. He sees green spaces like these in the city. He sees parks like these where people can have picnics and enjoy themselves. They have a program which consists of 2750 cars which they plan to do with the green space. If they can do a green slope to the roof gardens, they can easily walk from the sidewalk to a nice elevated green, roof garden. That is the basis of their idea. Setting like this in a park, they will create in their project. They will also create places for people to drink coffee or enjoy a conversation. They are putting a 2500 seat open air theater together with a lawn connected to each other so they can accommodate concerts of any size. Children love this type of water feature which they will have in their project. Gardens like this, you can walk by and sit down and enjoy it. They have a lawn as big as 80,000 s.f. They end up with a concept that they are building the whole site as a green park. They put the program of car parks in the podium and create four slender towers so that people in other buildings can see through the bay.

Dana Merker indicated that their first site plan had a 1,000 foot tower which they backed off. After contemplating for a while, they came up with the idea of breaking it down into smaller components. They came up with a vibrant mixed of uses on the site. It allows extraordinary amount of open space and public circulation. They have residential in one of the towers. There's another building that has a destination hotel and office structures. These are relatively interchangeable at this point but the program is there and it seems to work. They also have a fascinating idea of a public performance venue. As they moved into this, they thought about the visual form of the buildings. One of the real considerations is that this site is an extraordinary opportunity for open space and vistas. In order to accomplish that, they took the lead of some of the studies that are currently conducted by SPUR and other groups and created some point towers which would potentially sit a little bit lightly on the site than more massive lower buildings. They created a range of heights from 16 to 22 stories, relatively flexible at this point and it's all on top of a podium structure which accommodates over 2000 automobiles. In terms of the urban forum, the change in the heights and the bulk of the buildings and a manipulation start to allow views through the spaces and open space connections back to the bay. They also have isolated the parking and traffic congestion to separate it significantly from pedestrian circulation. The upper slide shows the podium level with three receding levels of parking and the building are atop of that. This allows approximately 2000 cars to be used on the site plus another 700-800 for office/residents. They can clearly separate the pedestrian and vehicular circulation providing multiple entry points around the site. At the Lefty O'Doul Bridge approach to the site, it begins to show the incorporation of the green beltway spaces and the pedestrian access all the way around to the Pier 48 location and beyond. This incorporates a wetlands research area that allows people to participate with the bay and the tidelands in a natural forum. Most importantly, it allows people to integrate and move easily to the podium level of the site. Looking from above, at the opposite direction from the northeast, they see the configuration of the buildings on the site incorporating the green beltway spaces in front of the site, clearly differentiating traffic flow on the west side from pedestrian bicycle and other activities that are going to occur on the east side of the site.

One of the most important elements in their plan is the idea of sustainability. They've worked very closely to establish the site as the basic component in sustainable design. The philosophy is important. They are working with Paul Latierre with the Guzzardo Group. His notion is to develop green spaces that allow the use of the site for water retention and for other activities that allow retention of water on the site. Through the reduction of impervious materials, they intend to create a lot of opportunities for site configuration which will be incorporated into the overall plan. They've asked Swinerton Builders to work with them closely. Eric Foster with Swinerton have done a number of the most notable green building designs in the area. They are one of the original members of the U.S. Green Building Council as most of the people on their team. They are committed to the efficiency of the environmental systems in the use of the buildings. They want to see how they can integrate them effectively on site and in the buildings.

Their most important component is activity for people. They try to envision the relationship between traffic on the street which at times can be fairly significant and the interface with the urban use in terms of pedestrian access. They envision several market squares and this will occur along Third Street. Vital is the access to the bay with constant activity for pedestrians, bicycles and people who want to relate to the site in terms of its natural environment. They believe that this interface is the most important part. They see the vital philosophy as broadly based open space, accessible for pedestrians and other users and traffic which is controlled and circulated effectively and dissipated throughout the site.

The greens at Mission Bay will always provide a movement between the site and the bay. It will always provide clarity between people and traffic and they always take the opportunity to provide and maximize open space and vistas. They believe they are creating a new jewel for San Francisco's necklace on the waterfront.

John Infantino indicated that this is a once-in-a-lifetime opportunity. They understand the great treasure that this site is. They've chosen some plans that go vertical to emphasize the economics to the Port that allow for open public space as a public policy mission and to provide a public facility that will ultimately be determined through a constructive dialog between the public, the Port and their team.

Audrey Joseph, member of the San Francisco Entertainment Commission as an industry representation but she comes today as a private citizen who is an event producer. She works mostly in San Francisco and the bay area but also works in many cities in the country. Most of all, she is a San Francisco resident who wants to see a much more vibrant city that is sustainable in the long run. She lends her support to the proposal by the Giants and Cordish. Her experience with both companies is why she supports them. She owns a 20,000 s.f. venue across from the ballpark prior to its construction. The Giants were good and thoughtful neighbors, kind and interested in the community around them. Their standard in excellence in design and construction of the ballpark and the surrounding areas and their concern about disrupting their neighbors was paramount. As we have all seen, they have produced a product that has become a jewel of the city and the envy of many other municipalities. Cordish Group has successfully developed many mixed use areas around the country and she's

personally worked in or have been a customer of their extraordinary development: Charleston Place in Charleston South Carolina as well as Fourth Street Live in Louisville, offers so much to the tourists and residents. Cordish very often inserts local color in all of their development. For instance, Local Makers Mark in Louisville, a long standing local company has a themed restaurant and a lounge within Fourth Street Live adding additional local flavor to that area. The driving force of any city is its inherent energy. She believes that the Giants and Cordish can create the heartbeat of that energy, not only a destination with great food and entertainment but a place for the community to gather for special events, and a buzzling residential environment where residents can walk to all the facilities and have pride of ownership in their community, a managing company that has a proven track record, partnered with an amazing team. This is not less than a winning proposition. In these troubling economic times, this particular development group has the know-how and the force behind it to make it successful and provide a forward looking response for a city redefining itself in changing times. It will provide a new and exciting energy for people of all ages with a new influx of new business and revenues for the City. She hopes that the Commission consider their proposal favorably.

Jeffrey Leibovitz, South Beach resident, indicated that this is the first time he's had the opportunity to look at the proposals. The Giants have a vested interest in this development site and this neighborhood. Nobody has asked him to support anything. He's supporting their proposal because of that very reason. He thinks that they will do this project because they can do the project. It's proven that they can do the project. They have the wherewithal, the financial stability, the interest in San Francisco, the interest in the neighborhood. They have proven themselves to be a good neighbor over and over again. He hopes that the China Basin is not lost in all of these. This project is called Mission Rock. There is a sense of history that goes along with China Basin and he wants to ensure and the Port should ensure that something be called China Basin. It's critical as far as history goes. They are going to create the nicest park in San Francisco. They managed the park there now. They do an excellent job of it. They've made a commitment to San Francisco to do that. He's sure that they will make a commitment to manage this park and all of the open spaces. It's critical because Rec & Park and the Port do not have the revenues to do that. Whoever does this, it is critical that they manage the facilities. They also understand the parking needs of the neighborhood which he did not hear the other developers key on. The Giants have been part of their community. They know they are overwhelmed during the ballpark season. If you put another venue that conflicts with the Giants programming, the neighborhood will feel it. We have to think the greater needs not just of this area but of South Beach as well. They are the closest neighbors. They bear the burden of providing on-street parking for the venues.

Lee Smith, Live Nation, the largest concert promoter in the world, and locally operate the San Francisco office which they have done with Bill Graham Presents for over 30 years. Live Nation globally produces 26,000 events a year to 60 million people. It operates in excess of 150 venues around the world. In Northern California, they produce 1700 events annually. They either own or operate the Mountain View Shoreline Amphitheater, The Sleep Train Pavilion in Concord, The Sleep Train Amphitheater in Sacramento, The Warfield Theater, The Fillmore, The Punch Line

and Cobb's Comedy Clubs in San Francisco as well as the Mountain Winery in Saratoga. They are very excited about the potential of the Mission Rock proposal contrary to the vibrancy and diversity in San Francisco. It's his opinion that the area lacks the same in performance venues. The Mission Rock proposal includes several, the great lawn of 10,000 is extremely exciting, the 5,000 capacity music hall. The potential for HOB (House of Blues) project which their company owns is a possibility. Comedy club is a potential in this area. Pier 48 as a multi-use facility is exciting. Given the location, the capability of the proposers and the need for more performance venues, there's no doubt in his mind that the SWL 337 will become a major destination point in San Francisco and bring incremental events to the City. As an example, the music hall proposed in the 5000 or 6000 capacity range, in Los Angeles alone, they have the Gibson Amphitheatre, the Greek Theater, Nokia Theater, etc. There is no venue of that size in San Francisco. He looks forward to the possibility with the Mission Rock team to make this happen.

Isabel Wade, Neighborhood Parks Council, indicated that they are excited about the proposals and urged the Commission to consider the key framework to look at these proposals they believe should be open space. They focus on the green. They think that the green footprint of these proposals need to be examined carefully, not just the actual green space which can be an economic driver for projects in and out of itself. You only need to consider Millennium Park in Chicago to see what a city can benefit from the development pretty much as open space with a lot of fabulous entertainment and other recreation opportunities but also the proposals that relate to water retention, the actual carbon footprint of these proposals, their buildings, etc. are important. They love it that any buildings that go along with the winning proposal were not only green but looked great and even incorporate green in the buildings, not the color but green living walls. They like the focus on making this a recreation site; one that serves locals as well as tourists but especially youth. One thing they know is that a lot of teenagers and youth feel left out of the recreation picture in San Francisco. They'd like to work with some of the proposers to incorporate more features that will bring youth to the site and give them places to go in the city that are fun and dynamic. They hope that in addition to considering these four proposals, they remember one feature. The way they read the restrictions, 8 acres of open space. We need 8 acres of open space. They've been shortchanged in the past. They expect it to be there and not a hodgepodge left around the edge of the site but uses the open space dynamically for a great park.

Jennifer Clary, San Francisco Tomorrow, indicated that one thing she'd like the Commission emphasize is the need to have significant open space. Her members look at this site and they look at it as being zone for open space. Obviously, we're not going to get 16 acres of open space but she does not think that a few green spots amongst a bunch of buildings are going to make folks happy. Remember that the public trust was lifted on this site but we still have public trust values that need to be reflected in the development and she looks forward to hearing more about it.

Ernestine Weiss indicated her background is real estate. When she came to the city, she saw the Port as rundown and ugly looking. She put Willie Brown in office. She told Willie to develop the port. Willie listened and we have the Giants, we got the

Ferry Building redeveloped and the Pier 1½, 3, and 5. We're going to get the Exploratorium. She developed ferry park across the street because she's an open space advocate. Open space is very important. We don't have enough of it especially on the waterfront. This is the perfect place for it. It is going to make the city more gorgeous. She finds that the Giants plan is the answer to it. She loves the greenery on the edge of the water much the same as ferry park comes down to the waterfront and relieves the congestion around it. This is a beautiful dream that she knows will happen because they have the expertise. She urged the Commission to consider the Giants' proposal because they are the most likely to succeed. They will have the recreation we need. They will have parking which they need and is important to their business. As far as art is concerned, she appreciates the proposals but she does not think that is the place for it.

Rick Dickerson, Rincon Point South Beach CAC chair, stressed on behalf of the neighborhood, the need to look at the effects that parking at the stadium or lack thereof has in their area. They take a lot of brunt of the street parking. They've watched over the years as available parking has shrunk. It's very important for their neighborhood as well as the circulation of traffic flow through their neighborhood from the city itself down to the peninsula that there be as much available parking as they can have but more importantly, that the uses of that parking coincide with the needs of the ballpark and the needs of the area. He is a firm believer that the most logical solution to that or the people who would know the needs the best are the Giants. He also reiterated that while we all want to see a great deal of open space, he wanted to make sure that the open space has something to enliven it, something to bring people there time and time again, something to keep them there once they are there rather than just a pass-through open space. In looking at the proposals, the Giants proposal has a lot of things going on; there's restaurants opening up under the open space. There's entertainment near the open space. He thinks that will help enliven it. That will help continue to keep it being used. He loved the ideas in a couple of the proposals of having concerts out in the open space. They have to, however, be careful of that with regards to noise and how that's managed. This would be a good place for it. Ten years ago, when they started in as a neighborhood looking at having a ballpark coming into their neighborhood, he was leery of it. He was not a big proponent of the ballpark. He spent many years negotiating with the Giants on behalf of the neighborhood to keep the livability standards of the neighborhood intact as the ballpark came in. He's dealt with a lot of organizations in development and the Giants lived up to every promise they made. They have been very good neighbors. They care about the neighborhood. They've done a lot of things to help the neighborhood.

Sue Hestor indicated that she's not supporting any of the projects. She has questions for the developers, the Port and the Commission. As you read the real estate and design sections of the paper, it's very clear that a lot of the buildings that have been created in the past couple of years particularly those close to the water with spectacular views are increasingly not being occupied by people who live here. They are openly marketed as pied-á-terre, second, third, fourth, fifth, eight homes for people who are not going to enliven the community by being part of the community. She challenged the Port to ask those hard questions of each of the developer

applicants, asking who they are going to market to. Are they going to market to people who travel around the world from house to house? If you are going to build a neighborhood, people have to live there. There have been articles on the SOMA Grand where the person who moved in there had gone from building to building and they found that they were basically empty of real residents. The Ritz Carlton condos, the St. Regis condos, the Millenium Condos. We have to serve people who want to live there. Who are you marketing to? If you have something that had 10% owner occupancy or even 25% is a failure. You should be looking at something that's going to have people there because residents activate the space. They provide the security. If you say you're going to have 1000 residents that are potentially there but there are only 200, it's hard to sustain a grocery store. It's hard to sustain the residential serving businesses. That should be one of the policies that the Port stress – build a neighborhood that will support the South Beach neighborhood, the Mission Bay neighborhood and it's going to be a neighborhood. Not people who happen to come and live for 3-4 weeks a year.

Andrew Brooks, General Manager Bay Crest Condos at Harrison and Main Street, representing 288 owners and 300-500 residents, indicated that their homeowners association has been appreciative of the work that Port staff has done in keeping them involved of this project. Port staff has made presentations to them three times in the last ten years on various projects including this one. They see a lot of their comments in the design concepts that the developers presented today. One area that they find to be a shortfall is family housing. All of the housing that will be proposed in the proposals is a common interest development high-rise, condominium developments. They are all mapped in advance. They encourage Port staff to work with the project sponsors to map the building so that we end up with 2-3 bedroom units with accessible entrances for the third bedroom so that they can create in-law spaces within the mapping which would allow families to grow. What has happened in South Beach? He's seen 15-20 young children born in his building and live to be the age of 3 and move out. They move out because the parents live in a one bedroom or a studio and they physically do not have the space. These parents want to live in South Beach, Rincon Hill. They want to be near the ballpark, near the water but they are physically unable to because the way the condos are designed. Two bedroom condos with a third bedroom mapped in which allows the opportunity to rent out the third bedroom until they have a larger family or bring an elderly person in would be a wonderful addition to the concept. He's testified at Planning several times in this issue. It's a critical issue. It would provide workforce housing; not only below market rate housing but workforce housing and that's something that these proposals need to encompass. They are very concerned about congestion in the area. The Giants showed the shrinking map of parking in the area. Parking is definitely needed. There are 10,000-15,000 cars that try to get in the South Beach area every time there is a ballgame. If you are marketing these venues, these outside concert venues to people outside of San Francisco and in San Francisco, they are going to drive cars. Where are you going to put the cars. He encouraged excessive numbers of parking as a best plan.

Brian Hornbeck, San Francisco Skateboarding Association, indicated that they have over 500 members between the ages of 8-45. They are happy that this is happening because they are building them a new skate park to skate in. Everyone talked about

the ferry plaza being built and how nice it is. That's the place where their kids skate. That is one of the only places their kids have to go to skate. They know it's not a place to skate. There are no places for kids to skate and they are trying to change that. They need the City to have a place that is skater friendly. All the great things that are going to be done is awesome. They heard a lot about open space, a lot of grass, saw kids walking on the grass but they didn't see what kids really do nowadays. Skateboarding is more popular than baseball with the youth today. They see a lot of empty baseball fields being turned into dog parks. That's the reality of it. A lot of the kids needs a place to go. With Mission Rock, Mission Bay, their thoughts and talks of having a skate park there. They don't like to see rows and rows of skate blocks that have been put up along the Embarcadero. It makes architecture junky. They skate on it anyway because they skate passed the skate blocks. A lot of homeless bust off those skate blocks and recycle them. What the Port should do is to put an angle iron of a little strip of metal so when kids skate on it, they don't tear it up. That is what is meant by skater friendly. You'll see a decrease in the amount of destruction of city property and you'll also be helping skaters find a place to skate. There's nothing wrong with skaters skating on the sidewalk or skating in an area the size of the ferry plaza. Some of the pathways and plazas have great stairs and great handrails. If you don't want those tore up, you should have some area situated somewhere within their plan for their kids.

Justin Marks represents the youth. He currently attends the California College of the Arts majoring in architecture. One thing he does not want to see in this project is the same looking buildings they have in that neighborhood. It's a disappointment to see the buildings that are typical blocks. It would be cool to have Victoria housing there and bring back old San Francisco traditions. If they build a skate park, it would be a positive thing for the youth.

Commissioner Hardeman commented that it's wonderful to have so many people participating because they make a difference. They're interested. Not everyone spoke but in their own way, they are sending signals. Signals have been already been to make all the proposals a little different than originally planned. He has dozens of personal friends and acquaintances and value their opinions. Those people he doesn't know he looks forward to seeing them on Saturday at the workshop. He values their opinion. The project will be what the community wants. It will also have to be what the Port wants and needs which is financial. The Port is required to survive and parking is critieal. If you look at the De Young Museum at the Golden Gate Park, the same thing happened there. None of us want more cars in town. There are times when sporting events require more parking. He hopes that Sue Hestor will give us a break there and not get too tough on parking. Parking is needed by our largest paying tenant. The Giants pay the Port more revenue than any other source. When the Port ends up having to vote, hopefully there won't be a 3-2 vote. He hopes that it will be a one-sided vote and they will be convinced by working with the developers and the investors to make a project that will make everyone happy. He agreed with the last speaker but these buildings are schools, places of learning and business places. They are designed to be biotech, etc. which is understandable. They are a little boring but this site will be the crown jewel. We are all excited. The presentations were great.

Commissioner Shakofsky thanked all the presenters. She's very impressed with the creativity and the vision that was presented. She also thanked the advisory panel for their time and energy. She realized that we have a very tight timeline which she applauds but was curious about the presentation at the March 11th meeting and then another presentation from the advisory panel on April 8. However, she is in support of keeping this project moving in a tight timeline.

Diane Oshima replied that it is a tight timeframe from our perspective. We are trying to manage a lot of information at the same time. The general time frame in the upcoming month of March is the public comment input where the advisory panel would take in the benefit of that information and incorporate into its deliberations and produce recommendations. At the same time, staff will be looking through the financial qualifications, information and merging that information together. The March 1, 2008 workshop is the major opportunity to be able to get that input. Staff plans on reporting back to the Commission about the workshop. The schedule we are working on is to convene the advisory panel to have them produce their analysis and recommendations so that we can present it to the Commission in the first meeting of April for a shortlist. What the Commission chooses to do on that meeting if they want to review it, deliberate it, take action on that meeting date or another date is at the Commission's discretion. It would get us through the first step of the RFQ process. Once the Commission makes its decision about the shortlist of developers, the Commission would be formally initiating the second step of the two phase process to formally issue the RFP. There's an opportunity if we find out that there is information that comes through this first process where we want to make some changes to the objectives, criteria, or requirements in the RFP stage, that is a pause point for the Commission to be able to take that into account, make refinements as needed to the RFQ/P and invite the development teams to put together their final proposals. The formal proposals will be more detailed than what the Commission have seen today. It would have to include formal financial proposals with rent proposals, pro-formas, etc. The proposals wouldn't be coming in until late June. The timing of those milestones is subject to refinement once the Commission makes a decision about issuing the RFP.

Commissioner Shakofsky indicated that at the April 8th meeting, there's a lot of key components to making this decision which is the financial capacity, the knowledge of the teams, transportation, parking, circulation; things that are not covered in what they have received today or heard this evening. There are more forthcoming details. Ms. Oshima replied that a lot of the additional detail would come in the proposals at the RFP portion. At this initial stage, what we are asking for the development teams is to produce their ideas of how they would approach the development of the site and that we would schedule these meetings for the public to weigh in and that further information would inform the teams to produce their detailed proposal. With respect to their transportation management and parking programs, they've given a thumbnail sketches to what their approach is. On April 8th, she does not expect that the advisory panel or staff will be able to speak definitively to how well the transportation package works because we are still working with early concepts. If there are comments that come from the public meetings that we want to convey to the development teams as further direction for addressing parking or transportation, the Commission would

have the ability to incorporate that further direction in the RFP when they approve that stage.

Commissioner Shakofsky indicated that with regard to the financial capacity questions which are not part of the package they received, she asked when that information will be shared with the Commission. Ms. Oshima replied that is confidential information that has been submitted. That is the purview of the staff in reviewing the materials that have been submitted. The staff would be bringing that information to the Commission at the same time that the advisory panel recommendations would be brought forward on April 8th.

Ms. Moyer indicated that there are several options as we go forward which is somewhat of an organic process. We all saw the presentations for the first time today as well. It's possible that the next time we speak to the Commission, we might recommend that we have an informational presentation on April 8th and action item on the following meeting. Commissioner Shakofsky indicated that she does not want to slow the process down. Ms. Moyer indicated that the point the Commissioner made is well taken. We will be presenting the Commission with a fairly large amount of information in one meeting. We'll have to make sure that can work for the Commission's deliberations.

Commissioner Shakofsky indicated that perhaps there would be an opportunity prior to April 8, perhaps on March 11, to have more information available as opposed to waiting until April. Ms. Oshima replied that whatever information we have we will bring it to the Commission. She reminded the Commission that there is only one meeting in March. Staff is scheduling a meeting with the advisory panel for them to conduct their deliberations after the workshop and the Central Waterfront Advisory group also want to have their meeting in early March and expect that they will be giving comments as well. We want to give some space and time for the public either through these meetings and the workshop or through the online comments that come in to give enough time to have a body of information that the advisory panel would be considering. Their deliberations will happen in mid-March.

Commissioner Shakofsky asked why we cancelled the March 25th meeting. Ms. Moyer replied that when we adopted the calendar last year, we cancelled it because it's Easter weekend. Traditionally, we don't have a lot on our agenda. We can certainly reinstate it, if the Commission so desires. A lot of staff will be out of town but we could hold the meeting.

Commissioner Shakofsky thanked all the presenters. They were all impressive and she looks forward to seeing more.

Commissioner Brandon thanked all of the developers. This is a wonderful opportunity for the Port and there was a lot of information. The workshop this Saturday is going to be a lot more interactive and informative. A lot of answers to the questions the Commission have may possibly be answered. As Ms. Oshima pointed out this is an open process and we can make changes along the way. She's looking forward to the workshop this Saturday. She thanked the advisory panel. The panel and staff have

their work cut out for them. She looks forward to the informational presentation on March 11.

## 10. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that the March 11th calendar is primarily centered on the workshop. She stressed that we are trying something new. If the Commission is not satisfied with how it's working, we are open to comments as well as scheduling a special meeting. We want to make sure that we are bringing the information to the Commission in a consolidated way. We will need more time just getting to the March 11th to do that. How the Commission would take that information and analyze it and how much time is needed for that, it's hard for staff to know. We need the Commission's guidance on that. For the time being, we know for sure we will back on March 11th to talk about what we've learned to date through the workshop. We planning another update or a formal presentation for action on April 8th. We anticipate being ready to seek the Commission's approval to issue the Brannan Street Wharf RFP for architectural design services. We've been to the Civil Service Commission which we have to do before seeking Commission's approval. Our pilot program on the Street Performer Program is coming to an end in March. We are going to seek the Commission's approval to make that a permanent program. It's going extraordinary well.

Commissioner Fong indicated that there's a workshop on Thursday, February 28, 2008 at 10 a.m. in the Fisherman's Wharf Chapel addressing a couple of the comments, suggestions from the performers and the merchants.

Ms. Moyer added that our plan is to bring an action item on March 11th unless some controversy arises in which case, we might need to first seek the Commission's direction and come back with action at a future date. Ms. Moyer indicated that she will be at Seatrade Conference and Brad Benson will act in her stead at the next meeting.

Commissioner Fong indicated that this is a lot of information that the Commission is getting. He asked if they are free to ask Diane Oshima specific questions.

Port General Counsel Robert Bryan replied that with the Commission President's approval, the Commission can approach Diane Oshima, the project manager, and ask her questions. It might even be better if the Commission would give his office a call and they can evaluate who might be the best person to respond to the question.

Commissioner Shakofsky indicated that this is a very important decision that the Commission is being asked to make. She thinks that some of the pieces that are not going to be presented to them for sensitivity reasons are very critical in the decision making process. She asked if these things, if they are sensitive, can be discussed in executive session. She added that perhaps we could schedule another meeting and pick up the meeting on March 25th.

Robert Bryan replied that executive session is for real estate negotiations. There are only certain things that can be dealt with in executive sessions. To the extent that something can be dealt with in executive session, then he would advise that it should be done. Unfortunately, this project is not there yet at this point.

Commissioner Shakofsky indicated that the counsel would frame this as not a negotiation at this point and time. Robert Bryan asked who we're negotiating with. Commissioner Brandon indicated that we want to have an open process and everything that we are discussing at this point has to be in open session. She will meet with Robert Bryan and find out how the process works and how we can all get comfortable with and she will report back to Commissioner Shakofsky.

**11. PUBLIC COMMENT**

**12. COMMUNICATIONS**

**13. ADJOURNMENT**

Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commission President Brandon adjourned the meeting at 6:32 p.m.

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